Austria .... Sch. 18	Indonesia .. Rp 2500	Portugal .... Esc 80
Bahrain ... Din 0.650	Italy .... L 1300	S. Arabia ... Rls 8.00
Belgium .... BFr 42	Japan Y550	Singapore . S$ 4.10
Canada .... C$1.00	Jordan .... Fils 500	Spain ..... Pta 110
Cyprus .... C£0.60	Kuwait .... Fils 500	Sri Lanka ... Rupees 30
Denmark .. Dkr 7.25	Lebanon .. £L 8.00	Sweden ... Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr 42	Switzerland SFr 2.20
Finland .. Fmk 6.00	Malaysia .. Rm 4.25	Taiwan .... NT $95
France .. FFr. 6.00	Mexico .. Pes. 300	Tunisia ... Din 0.600
Germany . DM 2.20	Morocco .. Dh 8.00	Turkey ..... L 210
Greece ...... Dr 70	Netherlands . Fl 2.50	U.A.E. .... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.00
India ..... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,705 Monday August 19 1985 D 8523 B

China reassesses economic zones, Page 3

World news

Lee calls for wage freeze in Singapore

Singapore's Prime Minister Lee Kuan Yew said workers must accept a wage freeze for two or three years and raise their productivity to help the island state regain its competitive edge.

In his annual National Day rally speech, given against the background of Singapore's worst economic performance in 20 years, Lee ruled out both wage cuts and reductions in employee and employer contributions to the compulsory national savings scheme.

This may disappoint those who believe increased labour costs have compounded the difficulty currently faced by Singapore because of the slowdown in the U.S. economy. Page 2

Sri Lanka crisis

Last minute attempts to save peace talks on Sri Lanka's ethnic crisis from a damaging breakdown were in progress against a background of mounting violence on the island. The Government said that 71 people had been killed in clashes. Tamil leaders put the number at between 250 and 400. Page 2

Beirut battered

Christian and Moslem militias battered Beirut and its nearby hills with artillery fire as the toll from a huge car bombing at a supermarket rose to at least 54 dead and 120 wounded. Page 2

Tehran blast

Iran's official newsagency blamed a bomb which injured 30 people in Tehran on an underground group opposed to last week's presidential elections. President Ali Khamenei kept a strong lead over two opponents.

General acquitted

An Israeli general charged with using excessive violence against two Palestinian Arabs who were beaten to death after hijacking a bus was acquitted by a military disciplinary court. Page 2

Belgian ship hit

A Belgian oil products ship hit in an apparent Iranian air attack in the Gulf was anchored off the Qatari capital Doha and an unexploded bomb may still be on the kerosene-carrying vessel. Page 2

Refuge for Obote

Zambia's Home Affairs Minister Frederick Chomba said refuge had been given on humanitarian grounds to ousted Ugandan President Milton Obote.

Photographer freed

An Iranian photographer kidnapped in Beirut last June flew home to Paris after being freed unharmed, but there was no sign of imminent release for 12 foreigners still missing in Lebanon.

Sikhs reinstated

The Indian army has reinstated 900 Sikh soldiers who deserted after troops stormed their holiest shrine, the Golden Temple at Amritsar, in June last year.

Den Uyl to run

Joop den Uyl, the veteran Dutch Labour Party official, will lead the opposition Socialists in the May 1986 general elections. Page 2

Legion on rampage

French Defence Ministry promised a full inquiry into a rampage by Foreign Legion troops in the port of Kourou, French Guiana, in which one soldier was killed and 19 people injured.

Kenyans renew vows

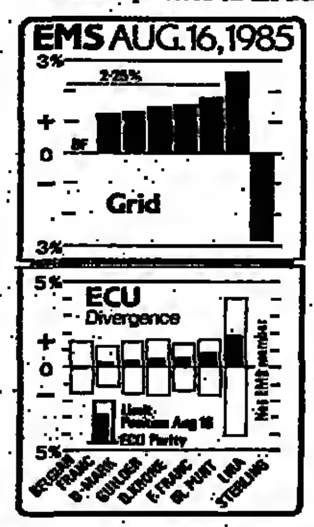
Thousands of Kenyans renewed their marriage vows before Pope John Paul in a symbolic ceremony underlining the main theme of his African tour, the sanctity of marriage and the family.

Business summary

Maryland thrift warns of default

EPIC, the real estate syndication subsidiary of a Maryland savings bank, has warned that it may default on $1.3bn of mortgage-backed securities within the next fortnight. Page 10

EUROPEAN Monetary System: Most currencies showed an overall improvement in the EMS last week as the dollar continued to lose ground. The D-mark was significantly firmer in relation to its central rate from the week before and this increased pressure on the Belgian franc, the weakest currency. The Belgian unit suffered as funds were switched out of dollars and into the D-mark and sterling. Although weak, the franc remained comfortably within its divergence limit.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

TOKYO share prices closed higher on demand for domestic issues. The Nikkei-Dow average rose 29.23 at 12,812.31, the fourth successive rise.

CHINA'S foreign technology imports in the first half were more than six times greater at $2.05bn than in the corresponding 1984 period. Page 3

SOUTH KOREA was warned by U.S. senators that Congress would adopt tough protectionist legislation unless the country acted to open its markets within two months. Page 3

ISRAEL approved a free trade agreement with the U.S., gradually lifting all restrictions on commerce between the two countries over the next 10 years. Page 3

UNION CARBIDE India, pre-tax profit rose to Rs 153m ($13m) in 1984 against Rs 147m in 1983. The Indian subsidiary of the U.S. giant has not declared a final dividend for the year ended December.

ARTHUR BELL chairman and managing director Raymond Miquel would not comment on reports that UK tobacco group Rothmans International is to rescue the UK distilling group from Guinness's unwelcome £360m ($504m) bid. Page 14

F. T. EVERARD, British shipper, is buying one of the world's most advanced computerised management information systems at a cost of about £300,000 ($420,000). Page 4

DOMINION TEXTILE, Canada's largest textile producer, is to close another two factories employing 850 workers.

NCL, the Norwegian cruise shipping company, has entered the battle for control of Kosmos, the shipping and industrial group, by announcing it has acquired 40 to 50 per cent of Kosmos' shares. Page 13

CONSAFE, the financially troubled Swedish offshore services group, struck further problems when FKN, the state ship financing institute, withdrew a guarantee to pay for an oil drilling rig under construction for Consafe. Page 11

Reagan backs ban on computer sales, loans to S. Africa

BY NANCY DUNNE IN WASHINGTON

PRESIDENT Ronald Reagan supports two of the proposed sanctions against South Africa contained in legislation under consideration by Congress, his national security adviser said in a television interview yesterday.

The President would support a ban on the sale of U.S. computers sold to South African government agencies which administer apartheid, as well as a ban on loans "to people who don't practise equal opportunity," Mr Robert McFarlane said.

However, he stressed that the President did not want to prohibit investment by U.S. companies because it assists blacks and such a ban "would hurt the very people we are trying to help." Legislation now in Congress has a mixture of "some bad and good provisions," Mr McFarlane said.

Congress is expected to pass legislation, when it reconvenes in September which would ban new loans to South Africa and the import of gold Krugerrands to the U.S., limit the export of computers and prohibit the export of nuclear and high technology equipment. It would also ban U.S. investment in South Africa after 12 months if its Government fails to make major reforms towards the ending of apartheid.

Final passage of this legislation has been held up by Senator Jesse Helms and a small band of conservatives, and Mr McFarlane's remarks could be designed to strengthen their hand in pushing for weaker sanctions in negotiations with other Senate Republicans.

However, widespread disappointment expressed by many legislators after the speech by Mr P. W. Botha, the South African President, last week makes it likely that the sanctions will be approved as written, and that they will receive sufficient support in Congress to override a presidential veto.

The national security adviser urged that South African blacks take up the Botha Government's offer of negotiations made in the speech.

Despite the administration's apparent toughening on the subject of selective sanctions, Mr MacFarlane was at pains to point out positive aspects of the Botha address, noting that the U.S. interpreted the speech as indicating that South African acceptance that influx controls are obsolete, granting of South African citizenship to all blacks was a possibility and "equality" ... envisioned at the end of the process."

"Let's challenge the Government. Sit down. Find out what all this rhetoric means," he said.

Mr McFarlane's remarks implied cism of the "stubborn people" on both sides. The South African Government, he declared, "had laboured and produced a kind of a cloud." But he professed himself to be "shocked by the offhandedness with which some people (black leaders) talk of the inevitability of violence.

It was possible, he said, that a second level of reflection "may lead these leaders on both sides, looking into the abyss of massive violence" to choose to negotiate instead.

Mr McFarlane said that his discussions with South African officials in Vienna had dealt with a "wider spectrum of possibility" than those included in Mr Botha's speech. But U.S. officals had been told that no final decision had yet been reached. Based on the discussions, Mr McFarlane said he had not expected the release from prison of Mr Nelson Mandela, the South African black leader, a concession which he had supported.

Paris may cut export aid to richer countries

By David Marsh in Paris

THE FRENCH Government is considering phasing out subsidies on export credits granted to higher-income countries, such as members of the Soviet Bloc and the oil-rich states, as part of an attempt to lower budgetary spending on subsidised interest rates.

The move, which has been discussed recently between the French Treasury and leading banks, would go in the direction favoured by the U.S. For some time Washington has been seeking to lower the amount of public funding in international export finance.

It is a response to the fall of Paris capital market interest rates to less than the 12 per cent to 12.25 per cent internationally agreed minimum levels for subsidised export credits for richer countries.

It is also in line with the wish of M Pierre Beregovoy, the Finance Minister, to reduce as much as possible state interest rate support across a wide range of areas in the 1986 budget. The French proposition would not, however, affect subsidies on export credits to middle-income and poorer developing countries, where the rates, set under the international "consensus" on export credits, are lower.

Although many have fallen in recent years, overall French subsidies on export credits are running at about FFr 10bn ($1.2bn) a year. This is roughly one-fifth of total French interest rate support through the economy.

French banks believe the opportunity has arisen for changes in the system as a result of sharp falls in bond market rates over the past two years. But they are worried about assuming responsibility for market-linked financing of export credits for higher-income borrowers because of the fear that bond market rates in coming years could rise again.

In particular, bankers believe the French capital market, in spite of greatly expanded activity, still lacks the depth to allow banks to offer fixed-rate loans to importing countries for maturities of up to five to seven years. The mechanism by which the banks will be assured of some kind of fall-back guarantee from the state seems likely to be a subject for further discussion in coming weeks.

The French move comes a month before a meeting of export credit officials at the Organisation for Economic Co-operation and Development (OECD) which will discuss a lowering of the consensus interest rate in force since the beginning of the year.

Hernu faces threat over Greenpeace

BY DAVID HOUSEGO IN PARIS

THE POLITICAL future of M Charles Hernu, the French Defence Minister, has come seriously under threat at the beginning of what bodes to be a week of growing political drama in Paris over determining the responsibility for the destruction of the Greenpeace vessel, Rainbow Warrior.

With increasingly firm evidence that the French secret services (the DGSE) were behind the sinking of the ship, M Hernu has come under a two-pronged attack in the French press. He stands accused of having either given the go-ahead for the bungled operation, or, as the minister in charge of the secret services, of having failed to maintain a check on their operations.

Either way, forecasts that be will be forced to resign are gaining ground. Equally at stake is the future of Admiral Pierre Lacoste, head of the DGSE, and questionmarks also hang over the fate of some of M Mitterrand's advisers at the Elysée who are responsible for secrity affairs.

President Mitterrand yesterday ordered the armed forces to stop any ships or aircraft from approaching the Mururoa nuclear test site and to use force if necessary.

The drama is likely to reach a climax later in the week when the Government receives the specially-commissioned report on the affair from M Bernard Tricot, a former Secretary General of the Elysée under President de Gaulle and thus a civil servant of widely recognised distinction.

In asking M Tricot to carry out an enquiry, the Government's intention was to avoid charges – evocative of Watergate – that it was seeking to cover up a criminal act.

M Tricot is to see M Hernu again early this week before completing his enquiry. At the same time, New Zealand and French police are conducting their own investigations.

The comparisons with Watergate are being increasingly drawn in the French press because both affairs began as bizarre half-comic episodes and later turned out to have a much wider political dimension.

With the exception of M Brice Lalonde, the ecologist leader, who has demanded M Hernu's resignation, the French opposition has so far remained silent on the affair. This in part reflects the French tradition of not attacking the secret services, as well as a political legacy inherited from the Gaulle of French administrations obstructing the ecologist movements in their surveillance of French nuclear tests in the South Pacific.

There is little question, however, that the right-wing opposition

Continued on Page 10

Rolls-Royce may lose $100m deal in India

BY JOHN ELLIOTT IN NEW DELHI

ROLLS-ROYCE may lose a £100m ($138m) order for aero-engines from Indian Airlines, India's domestic airline, because of a long battle between Boeing and Airbus Industrie for an aircraft order, which is worth a total of more than £500m.

Rolls RB-211-535E4 engines were chosen last August in preference to Pratt & Whitney PW-2037S to be used for 12 Boeing 757 twin-engined jet airliners which Indian Airlines decided to buy to replace its ageing Boeing 737 fleet.

Airbus Industrie has been trying since last October to unseat Boeing and is now slightly ahead in a race which could be finished soon.

In the meantime, Pratt & Whitney has successfully reopened the engine negotiations and is now the favourite to win the supply contract if Boeing manages to hold on to its order.

Pratt has improved the fuel efficiency of its engine and is believed to be several millions of pounds cheaper than Rolls, unless Rolls amends its price again. However, the Rolls engine for the 757 has a better reputation for reliability.

If Rolls does lose, it would be its second major setback in India within a few months. It lost work earlier this year when India failed to complete an order for 21 Westland Helicopters powered by its engines.

Indian Airlines is now finalising its study of both the aircraft and engines and is likely to make recommendations to the Government within a couple of weeks.

The ultimate decision, a politically sensitive one, will be taken by Mr Rajiv Gandhi, the Prime Minister, who is also Minister for Aviation and a former airline pilot. In particular, he will have to decide whether to risk angering the U.S. Government by taking the main order away form Boeing. He came under pressure from Mr George Bush, the U.S. Vice-President, and other senior figures when he visited the U.S. two months ago.

After a long battle with extensive price cutting, Boeing last July won with an offer of about $34m at current prices for each of its 208-seat 757s for immediate delivery. It defeated Airbus which was offering its 235-seat A310-200 for about $39m each.

Airbus reopened the issue by offering its 162-seat A320, which has yet to fly, for delivery in 1988–89 at $31m to $32m at current prices. It said it would fill the gap for the next four years with 14 leased Boeing 737s and Airbus A300s and would cover the cost in price reductions on the main order.

Airbus argued that the airline would then be building up a two-type fleet all with one company because it already owns some A300s

Japan orders Boeing inspections, Page 2

Oil price slump hits Nigerian 'swap' deals

BY PATTI WALDMEIR IN LONDON

NIGERIA'S controversial strategy of counter-trading oil for goods, the success of which is seen as crucial to alleviating the country's balance of payments crisis, has recently run into difficulties.

Of the roughly $2bn in swap deals concluded or agreed in principle over the past year – involving swaps of crude from Nigeria for bulk foods, raw materials, industrial goods and vehicle kits from Brazil, France, Italy and Austria – only one $500m deal has so far become fully operational. This is an arrangement between Cotia of Brazil, the country's largest private trading firm, and the Nigerian National Petroleum Corporation.

A number of other deals, signed or broadly agreed before the current sustained slump in spot market prices for Nigerian crude, have been delayed or effectively suspended while the price provisions of the agreements have been renegotiated.

Production has fallen sharply to less than 1m barrels per day (b/d) in July and so far this month, from peak levels of 1.6m b/d during the first quarter of 1985. Nigeria's official Opec quota is, according to Opec, 1.3m b/d and according to the Nigerians, 1.45m b/d.

Nigeria is believed to be desperate to boost these low output levels by bringing onstream currently stalled counter-trade deals.

Those familiar with the deals believe that the current difficulties which center on fixing the level of the implied discount on oil sold under the deals can eventually be overcome.

The price provisions of a $500m deal between Nigeria and Scoa, the Paris-based international trading

Continued on Page 10

Austin Rover jobs in jeopardy as 10% output cut is planned

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT, IN BIRMINGHAM

AUSTIN ROVER, Britain's state-owned BL volume cars company, is expected to tell union leaders today of plans to cut production by about 10 per cent in order to reduce stocks.

The move will inevitably throw up a surplus of labour which could lead to a call for voluntary redundancies at Longbridge, the assembly complex in the Midlands.

The company is also considering at least a one-week lay off for its 28,000 manual workers by extending the September holiday break into the first week of October.

The cuts, which are the result of booming production and productivity not matched by the required breakthrough in UK sales, must have been under consideration for some weeks. The timing in August, the month when the industry enjoys its biggest market, is unfortunate.

One competitor, still unaware of Austin Rover's planned cuts, said privately: "Short-time working or layoffs seem inevitable, but in their position I would hold off until the end of September to avoid any backwash on sales in the remaining key selling weeks."

Austin Rover is likely to meet such criticism by arguing that tough decisions will not be shirked. Quality is now the company's watchword, and to carry stocks which might deteriorate is regarded as unthinkable.

The state-owned company must also be conscious of the need to contain cashflow in another year where margins have been squeezed by discounting and incentives in the cut-throat UK market.

In the first six months of this year, Austin Rover boosted output dramatically to more than 257,000 compared with less than 190,000 in the same period last year. But total UK sales up to the end of July increased by less than 2,000 to 177,403. Despite extensive marketing and availability of the full market range the company always argued was necessary for success.

The market's competitiveness is illustrated by the fact that both Ford and General Motors' Vauxhall and Opel models have suffered a fall in volume sales.

The failure of Austin Rover to achieve a market breakthrough in the early months of this year was one of the factors which caused the Government to make an intensive review of BL's corporate plan, submitted last December but not finally approved until June.

The state-owned company, having successfully cut its cost base, could start to trade profitably with total annual sales of about 435,000 – a performance that would require a UK share of at least 19 per cent in a market projected at about 1.76m.

August, when the new registration prefix is introduced, is a crucial month, accounting for about 20 per cent of annual sales. In the first 30 days, Austin Rover had a 17.29 per cent share.

The fear at Austin Rover is that incentives will pull forward sales and depress the market for the rest of the year.

Motor parts trade balance, Page 5

CONTENTS

Lee presses for pay freeze in Singapore

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE'S workers must accept a wage pause for two, or even three years and raise their productivity by 6 per cent a year to help the country regain its competitive edge, Mr Lee Kuan Yew, the Prime Minister, said last night.

In his annual National Day rally speech, given against the background of Singapore's worst economic performance in 20 years, Mr Lee ruled out both wage cuts and reductions in employee and employer contributions to the Central Provident Fund (CPF), the compulsory national savings scheme.

This may disappoint those who believe increased labour costs have compounded the difficulty facing Singapore because of the U.S. slowdown. The country faces zero or even negative growth this year after 8.2 per cent in 1984.

Mr Lee said a pay cut ordered in 1959 cut Gross Domestic Product by reducing spending power. "Lessons stick," he said. "But don't think getting out of this is easy."

Rising labour costs since 1980 had made Singapore less competitive than Hong Kong, Taiwan and South Korea, but the solution lay in increasing the country's competitive edge more widely—in technology, education and worker discipline.

Capacity had to be cut in shipyards and oil refining where Singapore was "over-exposed" but the country had to persevere with its costlyy petrochemical plant. Several industries, including biotechnology, specialty chemicals and telecommunications equipment, offered prospects for future growth.

Singaporeans, now better off, better educated and better organised, nevertheless had to show they were "lean, trim and supple."

In particular, workers should consider the position of their employers. "If your employer is a Singaporean, not an ex-patriate or multinational company, the chances are he is not doing so well." It was better not to press for wage increases.

"Give your employer respite for two years, at the outside, three."

On the CPF, to which workers contribute 25 per cent of their wages with the matching 25 per cent from employers, Mr Lee ruled out a cut "unless it is an economic crisis.

"What is important is to remain a high saving and a high investment society . . . The CPF is the last item we should touch. It is a nest egg of last resort."

Japan orders inspection in older Jumbo airliners

BY CARLA RAPOPORT IN YOKYO

JAPAN'S Ministry of Transport has ordered Japanese airlines to inspect the pressure bulkheads and rear walls of passenger cabins of those Boeing 747 airliners, which have been used for some years. Damage to those areas, it is believed, may have resulted in last week's crash of JAL flight 123 in which 520 people died.

Studies of the crashed aircraft have confirmed that there were five or six line cracks running from the centre towards the edge of the pressure bulkhead. Investigators, however, are not certain why the bulkhead cracked. The bulkhead is a bowl-like structure which fits like a plug into the rear of the passenger cabin.

Mr Hiroshi Fujiwara, deputy head of the MOT's Aircraft Accident Investigation Commission, said at the weekend that the cracks could have allowed air in the pressurised cabin to rush into the tail unit. This in turn, could have blown away part of the tail fin, part of the rudder and the air duct for the auxiliary power unit.

S. Korea defers Bill on campus leftism

By Steven B. Butler in Seoul

THE South Korean President, Mr Chun Doo-Hwan, has moved to diffuse a political confrontation with the announcement that the Government would delay introducing a "campus stabilisation law" against leftism which it had hoped to enact during a special session of the National Assembly this month.

Mr Chun's decision at the weekend is the first sign of any softening in an escalating crackdown against the opposition that began to build in June, and illustrates the Government's desire to avert a potentially damaging showdown with the nation's outspoken political opposition.

Mr Chun is especially keen to avoid trouble in early October, when Seoul will host the annual World Bank-IMF Conference. Government officials have expressed fears that student groups may try to disrupt the conference.

"The Government was stunned by the solidarity of the opposition and by international criticism, and was looking for an excuse to backtrack," Mr Kim Young-Sam, a prominent opposition leader, said.

The Bill, designed to curb leftism on campuses, would have empowered a non-judicial panel to jail students for up to six months

The opposition New Korea Democratic Party had launched a nationwide "struggle" against the Bill and was threatening to adopt extra legal measures to defeat it. The Bill was publicly opposed by groups of lawyers, educators, clergy and human-rights activists.

The groundswell of criticism peaked on Thursday when Stephen Cardinal Kim-Hwan, chief prelate of the Roman Catolic Church in Keorea, spoke out against the bill,

Obote in Zambia

The Zambian government said yesterday it had given refuge to ousted President Milton Obote of Uganda on "humanitarian grounds" writes Our Foreign Staff. Mr Obote was rumoured to have fled to Kenya immediately after the July 27 coup which installed military head of state, Lt-Gen Tito Okello. He has been in Zambia since Thursday.

Walk-out threatens Sri Lanka peace talks

BY JOHN ELLIOTT IN NEW DELHI

LAST MINUTE attempts to stop a damaging breakdown of peace talks on Sri Lanka's ethnic crisis were in progress last night against a background of mounting violence on the island.

The Government said 71 people had been killed in clashes during the past three days, but extremists leaders put the figure at between 250 and 400.

This is the worst violence since a ceasefire was agreed between the Government and the extremists' leaders two months ago when preparations for the current talks got under way.

The talks are taking place in the northern Himalayan kingdom of Bhutan with the encouragement of Mr Rajiv Gandhi, India's Prime Minister, who is anxious to see an end to the neighbouring island's problems.

Yesterday afternoon leaders of the extremists walked out of the talks and spokesmen at their headquarters in Madras, southern India, said the ceasefire had been cancelled. A serious guerrilla military operation would be launched soon.

This indicated that the island might face its worst ever violence between extremists and troops. But Mr Romesh Bhandari, India's Foreign Secretary, who is attending the talks, tried yesterday to prevent an acrimonious walk-out and late last night it appeared that the extermists were prepared to attend more meetings today.

Little progress has been made so far. The extremists have laid down claims for recognition of their Tamil minority community which the Government, dominated by the island's majority Sinhala community, has refused to accept.

The extremists claim that up to 400 Tamils were killed by troops last Friday and Saturday in northern Sri Lanka. This was denied by the Sri Lanka High Commission in New Delhi last night. The Government also described the claim as a "total" invention. "An extremist spokesman said, however, that there was evidence to support the claim.

In Colombo, the government said that 20 Sinhalese fishermen had been found murdered in the northern city of Trincomalee. Tamil extremists were also reported to have commandeered a train with 300 passengers for five hours.

The five-hour hijack ended when the driver derailed the engine purposely outside Anuradhapura, 60 miles south-east of Mannar, a railway spokesman said. Before escaping, the extremists abducted 15 passengers belonging to the majority Sinhalese community and were later said to have shot them.

John Elliott assesses the decision to call an election in the troubled state

Gandhi tries to force the pace in Punjab

INDIA'S Prime Minister, Mr Rajiv Gandhi, recently described his administration as the "government which works faster." The announcement on Saturday of elections on September 22 in the troubled northern state of Punjab is the latest example of this determination to press ahead quickly when the tide seems to be running his way.

He wants to restore parliamentary democracy quickly to the Punjab, which has been governed by what is called presidential rule and wracked by Sikh violence for more than two years, and he does not want Sikh opponents of a peace deal he struck on July 24 to be able to muster their forces.

But by pressing ahead so fast against widespread political advice, Mr Gandhi, who visited Punjab on Saturday, is running the risk of serious violence during the hustings between bitterly divided Sikhs and Hindus, and between warring factions among the Sikh community. The elections will be for 117 state assembly seats and 13 seats in the national Parliament, the Lok Sabha.

In the past few weeks, Mr Gandhi has launched initiatives to sort out India's worst communal problems in the remote north-eastern state of Assam as well as in Punjab. He has also tried to encourage a settlement of Sri Lanka's Tamil ethnic problems which have a political backlash in the southern Indian state of Tamil Nadu.

On his home ground, where he holds the initiative, Mr Gandhi has succeeded—first with the Punjab settlement, and then with the deal be struck with Assam students and other political dissidents last week on their problems with Bangladesh refugees.

Yesterday, however, his attempts to force the pace in Sri Lanka collapsed despite intensive lobbying by India. After renewed violent clashes involving Sri Lankan troops and Tamil extremists, the peace talks which were taking place in the northern Himalayan kingdom of Bhutan were endangered.

Mr Gandhi's political critics suggest that his wish for quick action may similarly come unstuck in Assam and Punjab.

For the past four weeks he has been debating two primary issues on the Punjab. The first is the timing of the elections. The second is the relationship between Mr Gandhi's Congress I party and the Sikh's Akali Dal.

The Indian army has reinstated 900 Sikh soldiers who deserted after troops stormed their holiest shrine, the Golden Temple at Amritsar, last year, Reuter reports from New Delhi. Two Defence Ministry said that a further 237 of a total of 2,733 Sikh soldiers who deserted would be allowed to join paramilitary forces.

The best guarantee of peace in the Punjab would be a victory for the Akali Dal which was in power for about three years in the late 1970s.

An Akali Dal government in Punjab would silence many Sikh agitators and would give Sikh leaders the responsibility of enforcing the agreement on their political and economic demands reached on July 23.

Few party leaders anywhere in the world, though, would feel strong enough to lose an election intentionally and Mr Gandhi has too many critics within his own party (many upset with his liberal economic policies) to risk such a setback. He would also find it very difficult to sell such an idea to Congress I leaders in Punjab.

The Akali Dal itself is weak because it has split into more than three factions. One is led by Sant Harchand Sing Longowal, the moderate and sometimes vacillating president of the official Akali Dal, who signed the deal last month with Mr Gandhi. The second is led by Baba Joginder Singh, 83-year-old father of Jarnail Singh Bhindranwale, the top extremist killed when the Indian Army took over the Sikhs' Golden Temple in Amritsar 14 months ago.

Then there are two other former allies of Mr Longowal—Mr G. S. Tohra, head of the main Sikh religious body, and Prakash Singh Badal, a former Punjab chief minister. They meet today with Mr Longowal to decide their policies. Mr Longowal publicly opposed an early election, possibly hoping a few months' delay would enable him to unite his party.

Sikhs make up about 60 per cent of the Punjab's 10.5m electorate and traditionally up to two-thirds of them vote for the Akalis, who in the past have also attracted some Hindu votes. The recent communal crisis could well increase the total (but divided) Sikh Akali vote. The Hindu votes will probably swing back to Congress I.

Following his instinct and calling an early election, Mr Gandhi has therefore given himself a moch better change of a Congress I victory.

There seems to be no chance of Congress I and the Akalis linking up in any formal coalition, either before or after the election. So unless the Akali Dal unites into an unexpectedly strong common front and wins, the challenge for Mr Gandhi will be how to make a defeated Akali Dal feel involved enough in the Punjab government to steer away from renewed political agitation and violence.

Beirut shelled as bomb toll reaches 50

BY NORA BOUSTANY IN BEIRUT

CHRISTIAN AREAS came under shelling from Druze-held mountain positions yesterday as rescue teams continued the search for the bodies of victims of a powerful car bomb at a crowded supermarket on Saturday.

The vehicle, packed with 250 kgs (550 lb) of highly explosive Hexogen, and other incendiary substances killed at least 50 people and wounded 80. The blast occured shortly before noon on Saturday, off a busy coastal highway and the force of the explosion flung 7 bodies into the Mediterranean.

A fire destroyed at least 20 cars in front of the supermarket, and set ablaze the building housing the two-floor co-operative.

Voice of Lebanon, mouthpiece of the Christian Phalange Party, said gunners in the Druze-controlled hills pounded Christian suburbs yesterday killing three people and wounding several others.

The Lebanese forces, the Christian Militias, vowed to retaliate for the bombing, the second against Christian civilians in less than a week. A car bomb on Wednesday killed 13 people and injured 118.

Former Lebanese President, Mr Camille Chamoun, said Christian areas have been struck by "successively horrific" attacks. Condemnation alone would not suffice. "Those behind this attack should know that they will get two blows for each one delivered."

The resignation of Druze Minister Walid Jumblat and Shi'ite Moslem Minister Nabih Berri would not be enough, Chamoun said.

Lebanon's Prime Minister, Mr Rashid Karami, hinted that he was contemplating resignation, but wondered what good this would do under the circumstances.

Attitudes towards political reforms and national reconciliation have hardened over the past weeks and violent artillery, tankfire and mortars have replaced dialogue between Christian and Moslem sectors of Beirut.

Belgian ship damaged in Gulf attack

A BELGIAN-registered oil products carrier was attacked by aircraft in the Gulf yesterday in what shipping officials saw as Iranian retaliation for Iraq's raid on its Kharg Island oil terminal three days ago, Reuter reports from Bahrain.

"Attacked by planes, hit near the funnel," the 26,134 gross ton motor vessels Naess Leopard radioed in a call heard by the officials in Bahrain.

They said the ship radioed at 0706 GMT that it had been hit 25 miles east of northern Qatar, an area where Iranian aircraft have previously struck.

Tugs were alongside the Naess Leopard, but it was able to proceed under its own power. There was no word of casualties.

Oil and shipping officials still await firm indications of the damage to loading facilities at Kharg Island, which Iraq said was "reduced to ashes" last Thursday.

In Iran's only semi-official public comment on the raid, a diplomat in Istanbul dismissed the attack as unimportant, and said Iran would close the Gulf if Kharg were ever seriously damaged.

Any disruption to Iran's oil export capacity as a result of the raid should become evident within a week.

● Iran's President Ali Khamenei led presidential election returns by 89 per cent yesterday, with more than half the votes from Friday's poll counted.

The other two candidates, Mr Mahmoud Kashani, 42, a lawyer, and the former Trade Minister Mr Habibollah Asgar-Owladi, 52, had 9 and 2 per cent respectively, the Iranian news agency reported.

Israeli officer cleared of fatal assaults

By Walter Ellis in Tel Aviv

AN ISRAELI brigadier in charge of the interrogation of two Palestinian terrorists who subsequently died of blows to the head last year was acquitted yesterday by an army disciplinary commission of "violent and improper conduct."

The commission ruled that Brigadier Yitzhak Mordechai had acted reasonably in assaulting his prisoners because he believed that information was required urgently to prevent a bomb attack.

Four Palestinians had hijacked an Israeli civilian bus on its way to Ashkelon in April 1984. The bus was subsequently stormed by Israeli soldiers, and photographs published at the time showed two prisoners walking unaided from the bus into army custody. Both died shortly afterward.

Brig Mordechai admitted beating them on the head with his pistol, but insists that he was only seeking to obtain information on bombs which he believed — wrongly — were still on the bus.

Murphy goes home

U.S. envoy Richard Murphy ended a Middle East tour yesterday, apparently with no immediate accord on Jordan's call for a U.S. dialogue with a Jordanian-Palestinian team as a prelude to a wider peace conference, Reuter reports from Amman. He said be was returning to Washington to report to President Ronald Reagan

Swedish inflation forecast to decline to around 5%

BY KEVIN DONE, NORDIC CORRESPONDENY IN STOCKHOLM

THE SWEDISH inflation rate, one of the highest in Europe, is set to fall to just over 5 per cent by the end of the year, according to the state Prices and Cartel Office. The forecast provides a useful boost for the Social Democratic Government before the general election on September 15.

Consumer price inflation in July was running at 7.9 per cent compared with 8.5 per cent in June, however, and Swedish banks and international financial institutions such as the IMF still expect prices to be rising at an annual rate of 6-7 per cent in December.

Sweden's inability to reduce inflation to the level of its main trading partners has been one of the most serious weaknesses of its economic performance during the past two years.

Helped by a weakening dollar and falling oil prices, the inflation rate is finally beginning to moderate, however, although it will still end the year well above the Government's target of an annual rate of 3 per cent. Inflation is still almost double the 4.2 per cent average of its eight main trading partners, but if the level does come down close to 5 per cent it will be the lowest rate in Sweden since the early 1970s.

Around 30 per cent of private consumption in Sweden is still governed by a price freeze imposed on March 13, but the controls are gradually being lifted

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1985.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

WORLD TRADE NEWS

China 'has been importing redundant technology'

BY ROBERT THOMSON IN PEKING

CHINA has been importing redundant technology because it lacks a co-ordinated technology import plan, the Chinese Ministry of Foreign Economic Relations revealed yesterday, in announcing that purchases of foreign technology have jumped sharply this year.

The ministry said 318 contracts were signed between January and June this year for the import of technology worth $2.05bn (£1.4bn), up from $339m in the same period last year.

A short statement from the ministry said that the technology has been bought mainly for the metallurgy, machine-building, electronics, chemical and energy industries. But, the ministry said, a "serious problem is that many technolgy imports are redundant and a well co-ordinated plan is needed."

At a time when the country's foreign exchange reserves have been declining rapidly, the admission that useless technology has been bought with cherished hard currency is another sign that China's planners have not had the control over the economy they would like.

Instead of purchasing technology to make goods for export, as is intended, the ministry admits that the expensive technology has been used in such things as soft drink bottling plants and that some equipment is useless.

Chinese officials have been openly critical of the standard of technology offered to the country by the U.S., Japan and Western Europe, claiming that those countries are holding back because they are afraid of China's industrial potential.

A senior official from the Ministry of Foreign Economic Relations and Trade remarked recently that other countries "don't want us to become too big and strong." He admitted China buys outdated technology, but said the plan is to study the purchased equipment to improve on it.

In releasing the figures, the ministry emphasised that China "must produce parts and components on its own and assimilate the imported technology," reflecting China's keenness to copy any useful technology it buys.

The Chinese Government issued regulations in late May in an attempt to impose controls on technology imports, following the decline in foreign reserves (from $16.3bn to $11.3 bn in the six months from last October) and the problems created by ambitious provincial authorities wanting to sign contract after contract with foreign suppliers.

Those regulations require all Chinese authorities buying foreign technology to get the approval of the Ministry of Foreign Economic Relations and Trade. The likely effect is a slowdown in purchases in the second half of this year.

S. Korea urged to open markets

BY STEVEN B. BUTLER IN SEOUL

U.S. senators, headed by Mr Robert Dole, the Senate majority leader, left South Korea yesterday, giving a warning that the U.S. Congress would adopt tough protectionist legislation unless South Korea acted to open its markets within two months.

Speaking of South Korea's import liberalisation schedule, Senator William E. Cohen, a member of the delegation, said: "The important thing to remember is that there are two timetables, not only one of the South Korean Government and the Korean people, but there is another timetable in the U.S., and that one is going much faster.

"We would have to see some rather rapid and demonstrable action in the very near future in order to cool the rising tide of discontent in the trade area in the U.S."

The U.S. trade deficit with South Korea has grown rapidly in recent years to reach $3.6bn (£2.57bn) on a bilateral trade volume of $17.35bn in 1984.

SHIPPING REPORT

Used ship prices set to fall

BY ANDREW FISHER, SHIPPING CORRESPONDENT

IT WAS a week of setbacks for the shipping industry, with Sanko Steamship's financial troubles culminating in a filing for protection under Japanese bankruptcy laws and Iran's Kharg Island oil terminal attacked by Iraq.

The implications of Sanko's troubles are far more severe than the damage to Kharg.

Second-hand prices are likely to plunge further if Sanko ships are sold—though most of the tankers are chartered and its new bulk carriers are owned by institutions and trading houses—and the charter market is uncertain about what will happen to the ships hired by Sanko.

Despite the embarrassment of the Sanko case to the Japanese Government and industry, several sceptics in European shipping markets point out that Japan, with its vast imports, benefits from low freight rates.

The damage to Kharg is not expected to have too much impact on the tanker market, as ships have tended not to travel so far into the war zone, going instead to Iran's more southerly Sirri Island terminal, which the country has kept supplied by a shuttle from Kharg.

Despite the continued existence of large numbers of big ships waiting for business in the Gulf, rates also improved slightly here last week. One ULCC (ultra-large crude carrier) obtained Worldscale 25 from Sirri to the West, several points higher than in recent weeks.

So far in 1985, E. A. Gibson Shipbrokers said, 142 oil carriers totalling 18m deadweight tons have been scrapped.

Last week saw dry-cargo rates stabilising at the low end.

Chinese pledge more trade with Indonesia

By Kieran Cooke in Jakarta

THE FIRST official trade delegation from China to Indonesia for nearly 20 years has ended with assurances that China will buy Indonesian cement, rubber, textiles, plywood and numerous other items, including quantities of bananas and even Indonesian films.

The delegation, made up of more than 40 members of the official China Council for the Promotion of International Trade, did not discuss quantities involved or pricing arrangements.

However, a similar Indonesian mission to China earlier this month said it had concluded agreements to sell more than $350m (£250m) worth of goods.

Diplomatic and official trading ties between China and Indonesia—respectively the world's first and fifth most populous nation—have been frozen since 1967, after Jakarta accused Peking of supporting a Communist coup attempt.

After a series of meetings in Singapore, relations recently improved. A Memorandum of Understanding was signed last month, on resuming direct trade.

Even with no official ties, indirect trade has continued between Indonesia and China, most of it taking place through middle-men in either Singapore or Hong Kong. Last year, estimated total trade was worth about $400m.

The Chinese delegation, during its visit, has been careful to emphasise its purchases rather than its sales to Indonesia.

Israel ratifies free trade pact with U.S.

THE ISRAELI Cabinet yesterday ratified the establishment of the free trade agreement between Israel and the U.S., Walter Ellis reports from Tel Aviv.

The agreement, which will involve the progressive elimination of all tariffs, quotas and subsidies in trade between the two countries over the next 10 years from September 1, was reached in Washington in April.

But differences remain over textiles, which are of considerable importance to Israel.

The Cabinet voted yesterday to relax its limitations on the placing of government contracts.

Robert Thomson looks at moves that will influence foreign investment

Peking reassesses economic zones

HAVING SPENT more than $1bn (£714m) grooming the Shenzhen Special Economic Zone in southern China as the showpiece of its open door economic policy, the Chinese Government has begun to wonder whether it is getting value for money.

The worth of Shenzhen, with its 53-storey trade centre and other Western trappings, and of the three other Special Economic Zones is being reassessed, as is the value of 14 coastal cities open to foreign investment. It is a reassessment which will influence the course of foreign capital investment in China.

In a significant shift of emphasis last month Gu Mu, the State Councillor who has been instrumental in the development of the "open door" policy, announced that the Government had decided to focus on only four of the 14 cities, whose opening was inspired by Shenzhen's "success."

The other 10 cities, Gu said, would "slow down the signing of contracts with foreign investors," and although he predicted that the slowdown will be a "temporary phenomenon," those cities are not the investment proposition they once were.

(The 10 are: Qingdao, Yantai, Qinhuangdao, Lianyungang, Nantong, Fuzhou, Ningbo, Wenzhou, Zhanjiang and Beihai).

"Priority of support" will go to the select four: Shanghai, Tianjin, Guangzhou (Canton) and Dalian. Gu stressed that the overall policy of opening to the outside world will not change, but his announcement is in contrast to optimistic statements he made earlier this year that China was planning to open and develop even more coastal areas.

Shenzhen—where factories, banks and office blocks have sprouted in the six years since it acquired "special" status—is seen by many observers here as the barometer of China's economic policy. A year ago, the Chinese leader, Deng Xiaoping, said the success of Shenzhen has "proved the correctness of the policy in establishing Special Economic Zones."

Deng last month took to calling Shenzhen a "bold experiment" that "could fail," and if it does fail, "we can draw lessons from it." The change in line is believed to reflect a debate within the leadership over how fast China's economic reforms should be introduced.

Senior leftists have seemingly latched on to Shenzhen as an example of modernisation gone awry, while those who support the reforms but are more cautious than Deng could cite Shenzhen as an example of "too much too soon."

Shenzhen has just not generated the quick return in foreign exchange that Chinese leaders expected from their outlay in money and in economic freedom. The zone's task is to attract foreign industrial investment, and raise foreign exchange through exports. Instead, Shenzhen has thriven on tourism, property speculation and retail sales.

The Government wants about 60 per cent of Shenzhen's production to be exported, but only 20 per cent of its $450m in industrial output last year went abroad. The outlook is better this year, although the zone will continue to strugle with its lack of expertise.

Another source of dismay to the leadership in Peking is the number of people in the zone who have taken advantage of the relaxed economic laws and lower import duties to engage in profiteering, smuggling and currency crime. With Western-type economic freedom has come unwanted Western decadence.

A front-page story in the English-language China Daily accused smugglers of "sabotaging" the country's modernisation drive.

According to the report, one ploy is to buy goods in a Special Economic Zone, taking advantage of the duty-free policy designed to encourage production there, and to resell the goods in other parts of China at a hefty profit.

Then there are the goods manufactured from imported materials, and intended for the export market, but which mysteriously find their way into Chinese homes, denying the country needed foreign exchange earnings.

The central Government last month announced that an "import regulatory tax" would be imposed throughout China, including the Special Economic Zones. The tax of up to 80 per cent on imported goods is designed to "regulate imports by economic means."

Money is a problem for Shenzhen. Three currencies are widely circulated—Chinese Renminbi, Chinese foreign exchange certificates and Hong Kong dollars. Renminbi is not hard currency, foreign exchange certificates are given to foreigners in exchange for hard currency, and Hong Kong dollars are much sought after on the black market.

The feeling that the economic benefits of Shenzhen may pass by the Chinese people was articulated in a letter to China's leading financial newspaper, the Economic Daily. The writer, Ruan Xianrong, explained that he and three mainland Chinese friends arrived by train in Shenzhen in the midst of a deluge.

"When we came out of the station, we saw one taxi after another. I thought to myself, this is Shenzhen, a Special Economic Zone. There were so many taxis here, we would not get wet because of the heavy rain," he wrote.

"We waved to one of the taxi drivers, but he looked at us and drove the car away. We then waved to another taxi. Its driver acted in the same way as the first, and the third and fourth and fifth.

"But when a person in Hong Kong dress with a black brief case waved to them, one of the taxis stopped and opened its doors for him . . . the drivers perhaps thought that, judging from our dress, we had no Hong Kong dollars to give them.

"Half an hour passed and we were wet all over. There were dozens of passengers treated in the same way we were. A comrade said with emotion: 'In Shenzhen, the Renminbi is not valuable and the people who hold Renminbi are not valuable either'."

Scanner magnet order

BY DAVID FISHLOCK, SCIENCE EDITOR

A £4m order to supply superconducting magnets for French whole-body medical scanners has been placed with Oxford Magnet Technology, part of the Oxford Instruments group, by Thomson-CGR.

The contract coincides with the start of the week-long annual meeting of the Society for Magnetic Resonance in Medicine, held in London for the first time.

The superconducting magnet system is the key component of the nuclear magnetic resonance (NMR) method of medical diagnosis, now reaching a stage of serious medical interest.

NMR is the most expensive medical technology yet invented, with the latest systems costing about £1m.

Oxford Instruments has built up a dominant market position, having supplied over 400 magnets for NMR systems.

Its customers include major electro-technical groups such as Toshiba and Hitachi in Japan, GE and Picker in the U.S. and Philips in Europe.

World Economic Indicators

TRADE STATISTICS

		June 85	May 85	April 85	June 84
U.S. $bn	Exports	17.438	17.414	17.779	17.705
	Imports	29.425	28.685	28.295	25.276
	Balance	−11.987	−11.271	−10.516	−7.571
UK £bn	Exports	6.509	6.782	6.896	5.846
	Imports	6.752	6.558	7.174	6.024
	Balance	−0.243	+0.224	−0.277	−0.178
Japan $bn	Exports	14.280	14.234	14.719	14.649
	Imports	8.560	9.946	10.583	9.756
	Balance	+5.720	+4.288	+4.136	+4.893
France FFrbn	Exports	75.90	75.80	77.60	69.01
	Imports	73.90	77.00	81.80	74.27
	Balance	+1.99	−1.20	−4.20	−5.26
W. Germany DMbn	Exports	44.70	46.16	44.31	36.18
	Imports	38.30	39.17	38.45	34.58
	Balance	+6.40	+6.99	+5.86	+1.60

UK NEWS

Barry Riley continues his series on self regulation in the City of London

Unique time in futures industry

THE NEXT few weeks will decide whether the Association of Futures Brokers and Dealers (AFBD) will burst on to the scene as a lusty infant or will spend many more months in an incubator fighting for life.

There are indications of substantial opposition to the costs of the new body, although perhaps not so much to the principle. "It's a very delicate time," admits Mr Alistair Annand, the former chief executive of sugar refiners Manbre and Garton who has been brought in to launch the AFBD.

The AFBD is designed as the self-regulatory organisation (SRO) for the futures industry, covering both traditional commodity exchanges and the newer financial futures market. Until now the futures exchanges have been almost wholly unregulated, at least as far as outside investors have been concerned. They have been the source of a series of scandals, although members of the exchanges have always been directly involved.

In 1983 the commodity futures exchanges and the London International Financial Futures Exchange (Liffe) decided to set up an industry-based SRO in anticipation of legislation on investor protection.

Last October the AFBD was incorporated, initially financed by the exchanges. This month its council has been considering its draft prospectus.

But several crucial steps bave yet to be taken before the AFBD can become a fully-fledged SRO. First, the prospectus has to be finally approved, and sent out to the industrial exchanges. Those exchanges then have to change their own rules, so as to require their members to join the AFBD. This will involve extraordinary meetings at the exchanges. Only if the appropriate resolutions are passed with the required majorities will the AFBD be in business. And the exchanges will still have to allow a further time-lag of perhaps three months to allow members to make individual applications to the AFBD.

Mr Annand is talking in terms of extraordinary meetings in September or early October, and formal enrolment by the beginning of 1986. But there are doubts about whether such a timetable can be adhered to. Only Liffe appears to show any degree of real enthusiasm about the project.

Essentially the problem is that what was originally designed as a limited exercise in investor protection – with a budget of maybe £700,000 – has bad to be expanded because the Government's policy document published last January envisages a much broader market regulation role for SROs. Accordingly the projected staffing of the AFBD has risen to 30, and the eventual budget is estimated at more like £1.5m.

And the timing is unfortunate, because many of London's commodity futures traders are going through tough times, especially in soft commodities like sugar, cocoa and coffee where prices and volumes have collapsed.

Furthermore, many of the firms within the London markets deal only with professional clients, and have no contacts with private investors. This makes them resentful that they should have to pay substantial fees to a new regulatory agency which will do them very little direct good.

Against that, many market professionals are aware that more participants need to be drawn in from outside in order to boost liquidity and help London to put up more of a challenge to the big Chicago and New York markets. Inadequate regulation has damaged London's reputation and certainly Mr Annand is strongly pushing the argument that a cleaned up image could be of great commercial benefit to the London futures exchanges.

"It's the interests of the London markets that this is all about," be says. "It's not just a question of investor protection. If we are to take on the expanded rola envisaged in the White Paper (policy document), and we become an authorising body, that requires a degree more surveillance and monitoring than was originally envisaged."

And he warns that the AFBD cannot take short cuts. "You can't afford to get it wrong. You are a hostage to fortune."

But can the exchanges swallow the price of the AFBD? According to one source close to the debate: "If the markets were doing three times the business they are actually doing at the moment the process would have moved on a bit quicker."

Mr Annand is looking for an initial corporate membership of 400 firms, drawn from the existing exchanges, plus an unknown further number of outsiders who deal for clients. If a large number of these come forward their subscriptions might swell the coffers, although on the other hand such fringe dealers might also prove troublesome and expensive to control.

The prospectus envisages that members will pay an annual subscription, and the exchanges will also make a separate annual contribution. Beyond that, Mr Annand is juggling with various formulae for charging levies on transactions, with the general aim that those using markets more will also pay more.

As the time for decisions draws near, some in the futures markets are seeking to defer the whole matter until the government publishes its draft legislation, probably in November or December.

They are hoping that the Government might be persuaded to limit the extent to which professional activities within the exchanges are regulating, thus allowing the AFBD to revert to its earlier, cheaper format.

But Mr Annand warns against delay. He points out that the whole idea of launching the AFBD has been to pre-empt the danger that a statutory body could be imposed on the futures markets by parliament. Accordingly the industry needs to prove to members of parliament that a responsible and effective self-regulatory body is a practical proposition.

It is Sir Kenneth Berrill, chairman of the Securities and Investments Board, who will have the responsibility of deciding whether the AFBD, if and when it emerges, is up to the job. In a speech to the American Bar Association in London last month he tried to soothe fears by pointing out that the SIB would have the discretion to use its rule-making power so as not to impose unreasonable restrictions on trade or professional business in the futures markets.

CBI says pay settlements average 6.5%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

PAY SETTLEMENTS in manufacturing industry have averaged 6.5 per cent in the first seven months of the year, the Confederation of British Industry said yesterday.

This is below the 6.9 per cent rate of price inflation for the 12 mooths to July, but the CBI warned that settlements were still too high if Britain was to maintain or improve its competitiveness in the industrial world.

Mr Kenneth Edwards, deputy director general of the CBI, said: "We must pitch our settlements lower if we are to create more jobs."

Mr Edwards said that British labour costs per unit of output were rising at an annual rate of about 7 per cent compared with 5 per cent in France, 2 per cent in the U.S., zero in West Germany and a fall of 2.5 per cent over the last year in Japan.

Yesterday's results, from the CBI pay databank survey, showed that average settlements have been creeping upwards since the end of 1983, when the figure was 5¾ per cent.

As the current pay round comes to an end, the survey shows that three quarters of settlements have been in the range of 4½ per cent to 7½ per cent.

The latest government figures show, however, that average earnings indlucing overtime, bonus and other payments have been rising at the much faster rate of 9 per cent for the manufacturing sector and 7½ per cent for the economy as a whole.

The CBI survey showed that about 3 per cent of settlements were for less than 3 per cent and about 6 per cent were for more than 9½ per cent.

About 40 per cent of managers surveyed by the CBI said that the inability to raise prices was an important constraint on granting higher wages, and a similar proportion cited pressures from profit margins.

Few manufacturers have cut the length of the basic working week, with only 4 per cent of firms reporting a reduction in basic hours in the second quarter of the year.

The CBI says that in the non-manufacturing sector, including private services, banking finance, leisure, catering and transport, settlements remained broadly stable in the first seven months of this year at about 7 per cent.

The CBI and the Government are anxious that pay settlements in the new round which starts next month should once more establish a declining trend.

Manufacturers know that the large productivity gains, which have offset high earnings increases in the last three years, will be difficult to sustain.

The Government knows that if manufacturing productivity were to continue to rise at the rate of 5 to 6 per cent next year with earnings continuing to push ahead at an annual rate of 9 per cent, the casualty would be jobs.

Manufacturers have managed to hold their price rises down to an average 5½ per cent this year, mainly by replacing men with machines.

Everard buys advanced ship information system

BY ANDREW FISHER, SHIPPING CORRESPONDENT

F.T. EVERARD, a British shipping company operating in northern Europe, is paying about £300,000 to acquire the most advanced computerised management information system in the UK industry and one of the most advanced in the world.

Data-Ship, a Norwegian company, is providing the fully integrated system, which will link Everard's offices in London, near the Baltic Exchange, and Greenhithe, Kent, and deal with accounts, financial, chartering, technical and staff information.

Mr William Everard said the Norwegian system was the only one that came anywhere close to meeting its needs for a system which would provide fast and comprehensive information of activities onshore and on its fleet of 43 owned and managed ships.

The vessels run by the family-owned company, which has a turnover of some £25m, are small tankers and bulk carriers up to 2,500 deadweight tons, with crews of five people.

Because of its short-haul route structure, the number of voyages is more than 100 a week. Everard wanted a system capable of dealing with the full complexity of its operations and easy to use by non-specialists.

The contract is the largest that Data-Ship, based in Oslo and owned by 120 Norwegian shipowners and shipbrokers, has won from a single company, although a larger one has come from a group of shipbrokers. Most of its business is in Norway, but more than 30 per cent is with foreign companies.

Mr Marius Juul, managing director of the company's London operation, said negotiations were taking place with several other UK shipping companies for similar systems to that bought by Everard.

The main benefits to Everard of the system, which uses Wang computers, will be in savings of time and cost. The company used Investors in Industry (31) as its consultant to determine the best computerised system to meet its needs.

Communists challenge expulsion

By Margaret van Hattem

EXPELLED FORMER members of the Communist Party are planning a series of rallies around the country this autumn to launch a campaign of resistance and defiance against the party's ruling Eurocommunist faction.

The expelled hardliners, who have set up a group known as the Communist Campaign Group and claim the support of around 40 ex-members, are determined to get back into the party and wrest control of the executive committee from the Eurocommunists.

At a press conference in London, two members of the Campaign Group steering committee – Mr Ivan Beavis and Mr Tom Durkin – called on all party members to resist and defy the executive committee's instructions for the dissolution and reconstitution of certain London borough committees and branches.

The dissolution of party organisations and selective readmittance of members was merely a backdoor method of mass expulsion, they said.

Wimpey wins £4m Guardian plant conctact

By Joan Gray

WIMPEY Construction UK has won a £4m contract to build the Guardian newspaper's new printing works on the Isle of Dogs in London's Docklands Enterprise Zone.

The scheme represents a total investment of £15m, including land development costs and new presses.

This is the third major newspaper printing works in Docklands to be awarded to Wimpey. The company completed News International's £25m complex in 1983 and is now building the £30m Daily Telegraph works.

● Building material sales were down in June 2.3 per ceot compared with the same month last year, and 5.8 per cent down for the year compared with the 12 months ending June 1984, according to figures released by the Builders Merchants Federation.

Mr Reg Williams, director of the BMF, said the drop of 2.3 per cent for the month of June was "particularly bad as June 1984 had itself been hit by the imposition of value-added tax on work on existing buildings."

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

August 18-21
International Craft and Hobby Fair (04252 72711)
Wembley Conference Centre

August 25-28
Scottish Autumn Gift Fair (0764 4204) Anderston Centre, Glasgow

August 28-30
International Software Engineering Exhibition and Conference (01-240 1871)
Imperial College, London

August 29-September 1
International Home/Show Video and Television — VIDTEL (021-780 4171) NEC, Birmingham

September 1-4
International Menswear Fair — MAB (0727 63313) Earls Court

September 1-5
Autumn Gifts Fair (01-855 9201)
Olympia

September 3-5
British Yarn Show (0274 724298)
Holiday Inn, Leicester

September 10-12
Hire Equipment Exhibition — HIRE EQUIP (01-688 7788)
Belle Vue, Manchester

September 10-13
Offshore Europe 85 conference and exhibition (01-549 5831)
Aberdeen

September 11-12
Incentive Travel Exhibition (01-688 7788) Novotel, London

October 17-27
Motorfair '85 (01-439 0875)
Earls Court

October 28-31
World of Concrete Exhibition (0923 778311)
Wembley Exhibition Centre

OVERSEAS TRADE FAIRS

August 16-18
International Men's Fashion Week and International Jeans Fair (01-930 7251) Cologne

August 20-23
Advertising and Marketing Exhibition — ADSERV (01-487 2983) Johannesburg

August 24-28
Frankfurt International Fair (01-734 0543) Frankfurt

August 25-30
International Heating, Ventilating and Air Conditioning Congress and Exhibition — CLIMA 2000 (Denmark 45 01 63 323000)
Copenhagen

August 26-29
World Congress and International Exhibition on Heating, Ventilation and Air-Conditioning (45-1-63 32 30) Copenhagen

August 27-29
Finnish Fashion Fair (01-486 1951) Helsinki

August 27-29
International Security Conference and Exhibition ISC/EAST (01-891 5051) New York

August 30-September 3
International Audio and Video Fair (01-749 3061) Berlin

September 1-7
International Autumn Fair (01-493 3111) Leipzig

September 6-9
International Fair—MACEF (01-242 7829) Milan

September 7-10
International Men's and Boys' Wear Trade Exhibition—SEHM (01-439 3964) Paris

September 12-15
International Sports Equipment Fair—ISPO (01-486 1951)
Munich

BUSINESS CONFERENCES

August 18-23
International congress of nutrition and exhibition (0273 695811)
Brighton

August 18-23
Dataquest: 1985 Financial services program technology directors conference (01-409 1427) California

September 2-3
The Plastics and Rubber Institute: Impact testing and performance of polymeric materials (01-245 9555)
University of Surrey, Guildford

September 2-4
Management Training Consultants: Successful managers in action (Leicester 27062)
Leicester

September 4-6
Frost and Sullivan: Integration of voice and data communications (01-486 0334) Stockholm

September 5-6
Reed Conferences: The Motor Ship's second international ship repair, spares and maintenance conference (01-643 8040)
Royal Garden Hotel, W8

September 9-10
Oyez IBC: 1985 European conference on solid modelling (01-236 4080) Marriott Hotel, W1

September 10
Tolley's: Acquisitions and mergers (01-686 9141)
London Press Centre

September 11
IOD and British Franchise Association: Franchising — the way forward for growth and business expansion (01-839 1233)
Institute of Directors, SW1

September 11-13
Cambridge Business Conferences: Business transactions with developing countries (0223 354978)
Peterhouse, Cambridge

September 11-13
Risk Research Group: Captive insurance companies (01-236 2175) Gloucester Hotel, London

September 12
IPE oil futures seminar: The practical applications of oil futures trading (01-481 2080)
City Conferences Centre, EC3

FT Conference: World motor conference (01-621 1355)
(until September 13) Frankfurt

September 16-19
Labmate: International environment and safety conference (0727 51993) Olympia

September 18-19
Freight Transport Association National Conference (0892 26171)
London Hilton

September 20
The Economist: Intrapreneurship in Practice: creating and managing innovation in large corporations (01-839 7000)
The New Piccadilly Hotel, W1

October 1
Longman Seminars: Liability Insurance (01-242 4111)
Barbican Centre, EC2

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Prospect of national rail strike hangs in balance

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE PROSPECT of a national rail strike hangs on whether or not some 200 guards in Scotland and South Wales decide to report for work today.

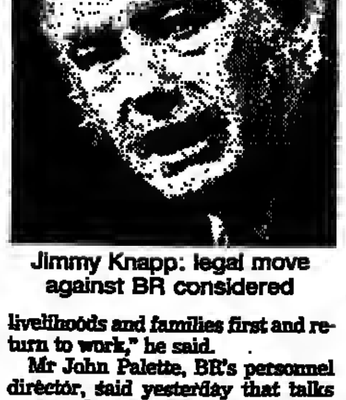
The men are under intense and competing pressure from the National Union of Railwaymen (NUR) and British Rail. The first is urging them to abide by union policy not to co-operate with the introduction of trains modified for driver-only operation. The second is asserting that they will be sacked if they do not.

Over the weekend, 58 guards at Margam, near Swansea and 32 guards at Llanelli, both in Wales, voted to continue their refusal to operate the trains. In Scotland, 147 guards had, at the end of last week, decided to defy British Rail's threat of dismissal.

BR said last night, however, that 28 of the 147 railmen at the Glasgow depot had indicated over the weekend that they would return to work and that they would be expected to take out trains which had been modified for driver-only operations.

Mr Brian Scott, BR's deputy Western Region manager, said he expected a number of the South Wales guards to return to work today. Three Margam guards had abandoned the strike last Friday and he expected the split to widen.

"I think they will put their own livelihoods and families first and return to work," he said.



Jimmy Knapp: legal move against BR considered

Mr John Palette, BR's personnel director, said yesterday that talks arranged between the NUR and BR for tomorrow would deal with the issue of the dismissals.

Mr Palette recognised that there was as yet no agreement between the unions on the operation of driver-only trains, but said that the issue had been stalled for some years and BR had to act.

Each side is now studying possible legal action against the other.

BR is understood to be examining legal action over the moves by NUR officials to stimulate and organise the strike in South Wales.

Mr Jimmy Knapp, the NUR general secretary, and Mr Ray Buckton, general secretary of the train drivers' union Aslef, are expected to meet today to discuss seeking an injunction against BR on the grounds that it had breached the procedure agreement by unilaterally introducing trains operated without guards.

Mr Palette said that the Margam guards would also be issued with letters of dismissal. However, Mr Viv Taylor, the NUR's western divisional organiser, blamed BR's "bloody mindedness" for the guards' decision to remain on strike. He said: "I am quite certain they will stick to it."

BR said last night it could not predict the level of disruption on its main services, since it would not know how many trains could be run until the guards reported for work in the morning.

Guards at a third Welsh depot, Severn Tunnel Junction, pledged support for their colleagues and warned of immediate action if the dismissals took effect.

There were unconfirmed reports that guards in Edinburgh had also pledged support for the Glasgow guards, and may take action today.

Dunlop says state aid vital for its wheel manufacture

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE GOVERNMENT has been warned that state aid is essential to maintain Britain's ability to manufacture car wheels and safeguard 650 jobs in the Midlands.

The Coventry-based Dunlop Automotive Division, now part of BTR, has told the Department of Trade and Industry that it will require a "significant" financial contribution if it is to press ahead with a £5m investment programme crucial to future competitiveness.

Dunlop, with an annual output of around 4m steel wheels, will soon be the last UK volume supplier. Ford has opened negotiations with the trade unions to end wheel manufacture at its Dagenham factory by the end of 1987.

Ford maintains a minimum of £9.5m would have to be spent to modernise its existing facilities to meet future market demands for lighter wheels produced to finer tolerances.

Dunlop is already bidding for Ford to keep the wheels business in the UK. The Dagenham output last year of 735,000 wheels would clearly be important in reducing Dunlop's dependence on Austin Rover, which currently accounts for around 40 per cent of volume.

The go ahead for the £5m investment is also crucial to retaining the Austin Rover business in the UK. BL's volume cars company, as part of its policy of seeking to strengthen domestic components suppliers, agreed last year that Dunlop could be assured of Austin Rover purchases for a three year period, conditional upon the necessary measures being taken to make the product internationally competitive.

Dunlop, confronted in recent years with the decline of the UK car assembly industry, cannot rely on the high volumes enjoyed by European competitors, such as Lemmertz and Kron-Prinz, of West Germany, and Michelin, in France and Spain.

The Coventry operation, meeting a whole range of demands from customers including Vauxhall, Talbot, Jaguar and Land Rover, sees new flexible manufacturing systems as the way to deal with small production runs.

Motor product trade balance falls sharply in first half

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THERE WAS a serious deterioration in the UK's balance of trade in motor industry products during the first half of this year.

Every sector was weaker than in the first six months of 1984 and trade in commercial vehicles, which went into the red for the first time in 1983, seems destined to stay in deficit.

The Society of Motor Manufacturers and Traders, which compiles the statistics from Customs and Excise figures, blames the 27.5 per cent increase in the first-half deficit, from £1.289bn ($1.76bn) in 1984 to £1.644bn this year, mainly on the seven-week metalworkers' strike in West Germany, which had car imports from the country at a low level in the early months of 1984.

However, the adverse balance was also 15.6 per cent worse than the £1.422bn for the first half of 1983 when there was no distortion.

The society also suggests that the strength of the pound against continental European currencies in the early part of 1985 might have had some impact on imports by encouraging companies to bring them forward in the belief that sterling would weaken.

Searching for reasons for comfort, the society points out that, although the number of cars exported dropped from 120,029 in the first half of 1984 to 117,937 in the same months of this year, their value increased by 28 per cent.

This showed that more cars were going from the UK in a fully-built state rather than in kit form for assembly elsewhere. In particular, Jaguar had record sales in the U.S. in the first half while exports of kits by Talbot UK to Iran – Britain's biggest export contract – were cut back again because of financing difficulties on the Iranian side.

UK MOTOR TRADE £m fob
First six months

	1984	1985
Exports		
Cars	517	661
Commercial vehicles	208	205
Parts, accessories	1,166	1,320
Other motor products	361	389
Imports		
Cars	1,931	2,348
Commercial vehicles	335	379
Parts, accessories	1,100	1,272
Other motor products	175	220
Trade balance		
Cars	−1,414	−1,687
Commercial vehicles	−127	−174
Parts, accessories	66	48
Other motor products	186	169
Total	−1,289	−1,644

Source: Society of Motor Manufacturers and Traders from Customs and Excise statistics

However, the adverse balance in car trade worsened by 19.3 per cent to £1.687bn in the first half of this year. There was also a 37 per cent worsening of the adverse balance in commercial vehicle trade in the same period, to £174m.

The society points out that exports of heavy trucks (over 3.5 tonnes gross weight) have begun to pick up again (they rose from £164m in the first half of 1984 to £180m this year).

This trend is confirmed by Bedford, the General Motors' subsidiary, which reports that its most important export market, Nigeria, is showing some signs of life again.

The UK industry will be far from happy about the decline in the favourable balance of trade in parts and accessories, by 27.3 per cent to £48m in the first half, and in other motor products (which includes agricultural tractors), by over 9 per cent to £169m.

Unions plan GCHQ tactics

BY JOHN LLOYD, INDUSTRIAL EDITOR

CIVIL SERVICE union leaders will today begin to lay plans with the senior leaders of the Trades Union Congress (TUC) for a continuing campaign of protest and disruption once the first notice of dismissal is issued to a member of staff at the Government's secret communications centre (GCHQ) in Cheltenham, West England.

Union leaders remain convinced that there will be a strong grass roots reaction against any such dismissal, but are at present divided on how far they should defy the law – in particular, the 1984 Trade Union Act – in taking action.

A meeting of the Council of Civil Service Unions' major policy committee tomorrow will hear reports from the various unions on their executives' views on the issue, and will attempt to harmonise the response.

The prospect of dismissals is now seen as certain by the union leaders since they received a letter a week ago from Sir Robert Armstrong, head of the home civil service, which warned of imminent disciplinary action against those members of GCHQ staff who had joined or rejoined unions after signing a declaration that they would not do so, and receiving £1,000 to compensate for the loss of union membership. About 30 of the 100 union members at GCHQ are thought to be in this category, with 12 known to the management.

The TUC is pledged by a decision of Congress last year to call a 24-hour day of action once dismissal notices are issued. However, the civil service leaders will be looking for further action on a continuing basis, with the bulk of that being organised by and in the civil service itself.

A major problem facing the unions and the TUC is how to control the action, and whether or not they can or should observe the law. It remains to be legally tested whether action in the civil service in support of the GCHQ union members would constitute unlawful secondary action – that is, action taken in support of workers of a different employer – or lawful primary action, since the UK Government is the employer of all civil servants.

Second, even if it were primary action, it would require a ballot of the membership before gaining immunity from legal challenge. However, many civil service union leaders believe that the unions could not organise a swift and effective response to a dismissal if a lengthy balloting procedure had to be undertaken.

Others believe that if no ballot were taken, the unions could be sidetracked into legal cases and into moves to protect their funds, and that the main object of protest would be lost.

The issue will from part of the overall debate in Congress over ballots, the law and adherence to the "Wembley principles" of defiance of the legislation, drawn up by the unions in 1982.

Civil Service urged to hire outside talent

By Sue Cameron

A CALL for the Civil Service to open its doors to talented outsiders who could help tackle the nation's problems is made in a study of wartime Whitehall published today.

The study written by Sir Douglas Hague, chairman of the Economic and Social Research Concil, and Mr Peter Hennessy, senior fellow at the Policy Studies Institute, is called How Adolf Hitler Reformed Whitehall. It describes the contribution made by the large numbers of able outsiders who were drafted into the wartime Civil Service. It says that a similar injection of new blood is needed in Whitehall in the 1980s.

The authors claim that the "problems facing Britain in the late 1980s and early 1990s are so severe that the luxury of failing to use the country's intellectual capital simply cannot be afforded."

They say the main motivation for recruiting outsiders today should be "to put together teams or task forces" to solve national problems. They state that this would help to end the barriers of hierarchy inside Whitehall, reduce the present "insider-outsider divide" in the Civil Service and increase the chance of finding solutions.

The study adds that bringing more outsiders into Whitehall would also help to "develop a pool of talent in Britain through what would amount to an elite training programme which could build up a significant national resource."

Sir Douglas and Mr Hennessy say the recruitment of talented "irregulars" into Whitehall in 1939 transformed "almost overnight a staid and traditional bureaucracy." But after the war had been won most of the "irregulars" went back to their "universities, their companies their law practices and their old professions."

The authors claim that the reform forced on Whitehall by Hitler was "undone by the peace."

How Adolf Hitler Reformed Whitehall; Peter Hennessy and Sir Douglas Hague; Strathclyde Papers on Government and Politics No. 41; Politics Department, McCance Building, 16 Richmond Street, Glasgow. £5.

Laker prepares legal challenge in Jersey

BY DUNCAN CAMPBELL-SMITH IN ST HELIER

SIR FREDDIE LAKER arrived in St Helier, Jersey, with his wife and his six-year-old son yesterday evening, apparently still intent on appealing against the proposed Laker Airways settlement when it comes before the Jersey Royal Court here today.

The Royal Court will be asked by Mr Christopher Morris, the Laker Airways liquidator, to approve a $48m settlement to the U.S. anti-trust case which Mr Morris launched as the plaintiff in 1982 against British Airways and 11 other defendants. He originally claimed damages of £1.1bn, alleging a conspiracy to destroy Laker.

Sir Freddie was last month offered $8m by the co-defendants on condition that he raised no obstacles to Mr Morris's $48m deal. The deadline for this offer expires tomorrow – assuming that it has not already been withdrawn, which remains unclear.

The hearing in Jersey could be Sir Freddie's last chance to block the settlement, which he regards as financially inadequate. The English High Court rejected an appeal on similar grounds by Sir Freddie last Friday.

Mr Morris is known to be keen to implement the settlement as soon as possible to satisfy in full the debts owed by Laker Airways to some 16,000 small creditors. He requires the Royal Court's approval because Laker Airways is a Jersey-registered company.

Sir Freddie, together with Mr John Beveridge QC, his counsel, and his English solicitor, is staying at St Helier's Grand Hotel – which happens to be owned by British Airways.

He might have had difficulty arranging a last-minute booking in any of St Helier's other first-class hotels. The town saw a small invasion of English and American lawyers yesterday, who have taken up quarters in various hotels at a discreet distance from each other in readiness for today's legal proceedings.

Only Mr Robert Beckman, Sir Freddie's long-standing Washington adviser and the U.S. counsel to Mr Morris, was conspicuously absent. The adversarial position of his friend Sir Freddie and of his formal client, whose interests were so closely aligned until recently, is believed to have caused Mr Beckman some embarrassment.

Call to abolish state funding of education

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

STATE financing of education should be scrapped, says Dr Graham Dawson, head of economics at the Birkenhead independent school, in the latest Institute of Economic Affairs magazine published today. The institute is a market-oriented "think tank."

"There are no good reasons for a nationalised education industry," he states.

Parents should continue to be legally required to send their children to school but be made to meet the costs either directly or with aid of schemes modelled on endowment life assurance. The school's charges would be reduced by the pressures of open market competition.

Students at universities, polytechics and so on should "be free to choose whatever subjects attract them, so long as they pay their way without subsidies granted on spurious grounds."

Dr Dawson says that while some parents may not be properly informed about the benefits of education, the remedy is not to provide it at the general taxpayers' cost.

"The remedy is then to make the information available for people to take account of or ignore as they choose. In a free society, the well-informed citizen should be allowed to go to the devil in his own way."

He also denies that there is a case for state-financed education in the claim that its benefits reach beyond the individuals receiving it, being handed on through their improved knowledge and skills to society at large.

"There is no evidence that private benefits, in the shape of higher lifetime earnings for the educated individual, are outweighed by social benefits in the form of a higher rate of economic growth," the economics teacher adds.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Trustee Savings Banks

Countdown to a new era

BY DAVID LASCELLES

AFTER its bumpy passage through Parliament this summer, the Bill paving the way for the flotation of the Trustee Savings Banks has now received the Royal Assent. This means the TSB will be launched on to the stock market next February.

But though that is good news for the group and its chairman, Sir John Read, the strong resistance put up by the Scottish lobby to the Bill in its original form was a bit of a surprise, and suggests that the flotation and the TSB's plans for development will have to be handled just that hit more carefully.

The Scottish peers who threatened to block the Bill were pacified with a pledge from Sir John that none of the regional TSBs which make up the group will be wound down; the group as a whole will also maintain its registered office (though not its headquarters) in Edinburgh and hold its annual meetings there. And though it seems unlikely that they can now halt the flotation, the continuing rumblings from the Scottish Depositors Association and the Scottish Nationalist Party are a reminder of just how possessive the UK regions feel about the TSB, Britain's grass roots bank if ever there was one.

There is a clear sense of relief among TSB's top management in their headquarters in Milk Street off Cheapside. But passage of the Bill does now put the onus on them to convince future investors and customers that they can weld their scattered forces into a banking power to be reckoned with.

With loud fanfares, the TSB has been trumpeting a number of high-level recruits, many of them lured over from other City institutions. Leslie Priestley has become chief general manager of the England and Wales TSB, the largest part of the group, which is to be merged with the Central TSB which acts as the clearinghouse and co-ordinator for the group. Priestley was previously with Barclays Bank where he held senior positions in marketing and regional administrations.

David Backhouse is to become chairman of the group's Trust Company. He previously headed Dunbar and Co, the private bank which was taken over by Hambro Life in 1982. The deputy chairman is Norman Hay, the former director and deputy chief general manager of the Royal Insurance company.

At UDT, the TSB's finance house subsidiary, Dundas Hamilton, the former senior partner of stockbrokers Fielding Newson Smith, has been appointed chairman, and Lyndon Bolton, a director and manager of Alliance Trust, deputy chairman.

An advertising campaign to raise public awareness of the group has also been launched, as much to rouse the interest of would-be shareholders (of whom the TSB wants over 1m) as build up its customer base. Recent research by the TSB has shown that the public knows of the TSB and its flotation, but is not altogether sure what it is, according to David Thorn, deputy chief general manager of the group, who is closely concerned with the launch.

"We are trying to get across the message that we are a bigger, wider service group than most people think."

Not that all this activity is likely to signal a sudden dramatic change in the TSB's traditional service to the man-in-the-street, mostly in the north of England and Scotland. Despite all the speculation about how the TSB plans to spend the £650m-£1bn it is expected to raise from the flotation, Priestley says: "We've chosen a philosophy of not leading the field. There's no point in grabbing the headlines unless you can grab the profits as well."

But the strategy being shaped by Priestley does aim to extend TSB's presence in the south of England, and move upmarket. Given northern sensitivities, the geographical shift has to be handled carefully, and Priestley stresses that any marketing drive in the south will not be to the detriment of the north.

Despite the high cost of buildings and property, this expansion will be done by opening new branches in carefully selected locations, making the most of new technology to keep the expense down. A couple of prestige branches in Lombard Street in the City and Regent Street in the West End are planned.

"You have to be in the high street if you want volume," says Priestley. "All the research shows that convenience is what people want, and that means having branches in good locations."

The TSB might try and speed the process up by forming an alliance with a building society, though this is only one of several courses being considered. It currently has 1,624 branches, compared with 2,000-3,000 for each of the big clearers.

The quest for business among the higher socio-economic groups, younger people, professionals and the corporate sector will also alter the TSB's character. But these are markets new to the TSB so gains should be true ones; the more widely spread clearing banks often win market share with one product only at the expense of another.

The TSB needs new markets. It is the most underlent of the big UK banks. About £1.3bn of its £66bn assets is currently invested in gilt-edged stock rather than loans—and it will have to put the proceeds of the flotation to work as well. This ready availability of funds should, the TSB hopes, give it a useful edge in the lending market. But the temptation to take on lower quality loan business in order to expand lending rapidly will have to be resisted. "We're not rushing. We'd rather take on safe lending at a lower rate of interest," says Priestley.

Whether the deal with the Scots will hamper development plans is a sensitive question. Thorn describes the pledge to preserve the capital levels of the regional TSBs as "a constraint but not a problem."

"We'll allocate our capital wherever we think we can get a good return," says Thorn. The TSB is saying as little as ever about how it will invest the flotation proceeds, though given the cautious air that pervades the place, it would be surprising if any acquisitions it makes were not linked to what the TSB is doing already.

"We are not planning to become a financial conglomerate without a logical base," says Thorn.

Sir John Read: safeguarding the regional TSB

Cutting costs

The value of discretion

Ian Hargreaves explains how Segas attacked its overheads

CONTROLLING and if possible cutting the cost of overheads is a permanent item on the agenda of any chief executive, but every company knows that it is easier to shed fat when a company is in crisis than when it is prospering.

This problem, if that is the right word, has been experienced in particularly acute form at British Gas, the most consistently profitable of the nationalised industries in recent years, which is now preparing for privatisation.

Although under strong pressure to reduce costs since the election of Mrs Thatcher in 1979, the corporation has met its Government-agreed targets with an ease which critics say indicates the scale of flab available for shedding.

But of the hundreds of millions of pounds involved in these economies in recent years, one of the more interesting fragments of the effort concerns British Gas's third largest region, Segas, which serves most of south-east England from its base in Croydon.

Three years ago, Segas decided that in addition to attacking its primary costs, it would launch a specific exercise to tackle its stubbornly growing bill for so-called discretionary activities—things like public relations, market research, welfare services and cleaning.

"What we noticed," says Arthur Dove, at the time deputy chairman and now chairman of Segas, "was that we had reduced our overall manpower, but that the support activities tended to be soldiering along. We had the same number of personnel people for example, but 3 per cent fewer employees for them to deal with. The same was true of financial services."

After a review of techniques and consultants, Segas decided to try a technique known as overhead value analysis (OVA) and brought in consultants Urwick, Orr to advise. The senior consultant on the exercise, Colin Wright, has since formed his own firm, Wright, Tucker and Associates, to develop the technique, which he prefers to call cost optimisation.

OVA or cost optimisation is a method of placing a value on any activity inside a business and then measuring that value against the actual cost of carrying it out.

In Wright's view, there are two ways of approaching this type of exercise—either by throwing a large team of aggressive young consultants behind a crash programme, such as a 40 per cent cut in overheads, hoping to achieve 20 per cent, or the more subtle, softer approach of trying to teach an organisation to reach consensus about reducing spending in non-cost-effective areas.

So far as Arthur Dove was concerned, at the head of a highly profitable organisation where successful change would have to be generated internally, there was no argument about which method to prefer, which is why he chose Wright. "We had to have someone who would fit in with our management style, which involves a high level of participation," says Dove. "I see consultants' greatest value in teaching a technique which is foreign to us, so that we can then use that technique inside the organisation without suffering withdrawal symptoms when the consultant departs."

So that was the basis upon which Wright and a colleague set to work, in search of consensus.

The first stage of the process was to set a value on the more than 100 discretionary functions — defined as being activities the company could drop completely without suffering a short-term disaster. Together, these activities account for about a quarter of Segas's net trading costs.

Working from an agreed definition of Segas's purpose—a part of the cost-optimisation process which is always tougher than one expects, says Wright—12 key criteria for a successful business were set out. These ranged from cash flow and growth to service, public image and safety. Each of the discretionary functions would be measured for its contribution to these key criteria.

Deciding a score for each function against each of the criteria is where the consensus came in. A group of middle managers, each known to be knowledgeable about the business, respected, representative and honest, was assembled to debate and score each activity on a scale of one to five.

This process of contention, says Dove, not only provided the numerical database to be fed into the computer; it was also part of the attitude-shaping process which from the beginning he had seen as a valuable offshoot of the cost/benefit measurement process.

"That was important, because we were a profitable organisation which knew it was going to become more profitable even if we did nothing. We had an opportunity to improve performance, but we had to take people with us."

This process could not have worked, in Dove's opinion, if the actual management of the costs exercise had been undertaken by the consultants. Although Wright was always on hand to advise, the steering group was headed by two Segas managers — individuals, says Dove, noted for quiet firmness. "They had to have empathy with the management's problems, but no sympathy for them."

It took about six months to complete the number-crunching part of the exercise—the most succinct outcome of which is a matrix chart which shows the relationship between each function's cost and its agreed benefit.

The most dramatic finding when the chart was drawn, was an item called "meter positions"—a subject familiar to the many British Gas customers who have found themselves, often with no consultation, informed that their gas meter is to be removed from under the stairs or wherever and placed in a white plastic box outside the house.

The advantage to the gas company of this arrangement is obvious—it makes meter reading easier and quicker and it has a safety advantage in making it simpler to switch off a house's gas supply in an emergency.

But the cost-benefit measurement revealed that this costly activity was not delivering great benefits, since in the last two years an alternative method of isolating a supply in emergency had been developed and Segas had switched to six-monthly meter reading, which halved the benefit of speedy access to the dials.

The result was that on the scale of one to five, meter positions ended up with a benefit ranking of one and a cost ranking of five. Segas decided what with hindsight looks like common sense anyway: that it should only insist on external meter boxes in new houses and that where it has a reason to relay a supply to an existing customer (previously seen as the opportunity to re-site the meters), it will not press the idea of a new meter position in most circumstances.

"This came right out of the blue at us," says Dove, and Segas is now £1m a year better off as a result, not counting the benefits from less disturbance to customers.

None of the other cost-optimisations identified were on that scale, but between them a further £1m of savings have been obtained, which is not bad for the £60,000 cost of paying the consultant. "Even allowing for the cost of our own staff involved, the operation has paid for itself many times over," says Dove.

Arthur Dove of Segas (left) and Colin Wright, the consultant he brought in to reach a consensus on cost-cutting

TECHNOLOGY

EDITED BY ALAN CANE

Race to build super-chip machines

Peter Marsh on ion bombarders, key to the next generation of semiconductors

ENGINEERS from the U.S., Japan and Britain are competing to turn out a new generation of semiconductors using machines that pump huge quantities of ions into silicon.

The techniques may make it possible, using only a modest advance in semiconductor-processing technology, to produce microprocessors and memories that contain several million transistors squeezed on to a fingernail-sized piece of silicon, many more than today's standard chips.

The new ion-bombarding machines, which can shoot 100 times more ions at semiconductors than conventional hardware, produce a tightly packed layer of oxygen atoms buried underneath the surface of a silicon chip.

The atoms form a sheet of insulating material which promises to make possible integrated circuits that contain very dense patterns of transistors, capacitors and other electrical elements.

With this technology, say some observers, semiconductor engineers may be able to jump into the next generation of integrated circuits containing dense patterns of circuit elements. The technology would be applied to so-called CMOS (complementary metal oxide silicon) circuits, a semiconductor technology used for new forms of low-power chips.

According to Dr Stephen Moffat, ion implantation manager at VG Semicon, a British company which next year is due to sell versions of the new ion-bombarders, machines of this kind could be responsible for 10 per cent of the world's chip output in 1990 which is estimated at about $75bn.

Others in the semiconductor industry are less optimistic. "Oxygen implantation is still a laboratory curiosity," says Mr Louis Steen, manager of the ion implant division of Applied Materials, a Californian semiconductor-equipment company.

What no one doubts is that oxygen implantation has caused a stir in the semiconductor world, with companies such as IBM and Texas Instruments watching developments closely.

NTT, the Japanese electronics giant, is part of a rival venture to the VG Semicon development effort. It is joining forces with Nova, an American company specialising in conventional ion-beam machines, to produce its own family of the new, high-power ion bombarders.

"The new oxygen technology could give chips that as well as containing more circuit elements offer higher switching speeds and consume less power," says Dr Peter Hemment, an engineer at Surrey University who specialises in ion beams and is currently on leave to work at IBM's research laboratory at Yorktown Heights, New York.

The new ion machines attempt to address a critical problem — how to continue the technical leaps that have marked the history of the chip industry over the past 10-15 years.

In that time, engineers have doubled virtually every one or two years the number of circuit elements that they can pack into a sliver of silicon a few millimetres square, a technical achievement that has been behind the large reduction in cost and increase in performance of semiconductors.

As a result of these factors, the annual turnover of the semiconductor industry has grown to about $20bn and silicon chips are embedded in virtually every item of consumer and industrial equipment.

In recent years, however, the problems in continuing the advances have grown. In current mass-produced chips, the distances between adjacent circuit elements are roughly 2-4 micrometres (millionths of a metre).

To produce in routine fashion semiconductors that contain millions of transistors (1-Megabit random-access memories, for instance) engineers must reduce this distance to less than 1 micrometre.

But this involves fundamental difficulties in physics. When adjacent circuit elements inscribed onto silicon get so close together, they can switch on and off together instead of separately, a phenomenon equivalent to a cross-circuit in a pair of electrical wires.

One way to avoid the problem —called "latchup" in the jargon of the semi-conductor business—is to place the circuit elements in the silicon above a layer of insulating material that separates them electrically.

Conventional ways to do this are time-consuming and give far from perfect results. In one common technique, known as silicon-on-sapphire, engineers "grow" a layer of silicon on top of a substrate of alumina, which then forms the insulating material.

The alumina can, however, interfere with the electrical properties of the silicon and the manufacturing process is difficult.

Silicon-on-insulator technology, as the new technique is called, relies on machines that shoot large quantities of ions at the material. This hardware is a development of the ion-implantation equipment that has become a standard tool in the semiconductor business in the past 10 years.

In conventional ion implantation, relatively small numbers of ions such as boron and arsenic are beamed at the surface of a circular silicon wafer, normally 10 or 15 cm in diameter, which forms the basis of several hundred individual chips.

The ions are steered on to a wafer to change the electrical properties of the surface and make small sections or "islands" behave as transistors or other circuit elements.

Ion implantation, on which much of the early development work was done at the UK Atomic Energy Authority's Harwell laboratory and which is now dominated by two U.S. companies, Varian/Extrion and the Nova division of Eaton (see below), shoots ions only at relatively low currents, of 1-10 milliamps.

In two separate development projects, VG Semicon, based in East Grinstead, Sussex, and the joint effort between Nova and NTT are attempting to increase the beam current of ion machines to 100 milliamps, a technical task that is by no means easy (see box).

Ken Anderson of V G Semicon with his oxygen implanter

Glyn Genin

The higher currents are needed to speed up the rate at which wafers can be injected with oxygen ions. With conventional ion machines, the hardware needs to be switched on for up to 15 hours to provide the sufficient "dose" of particles. This time should be reduced to as little as 10 minutes with the new hardware.

In conventional ion implantation, the particles of boron or arsenic come to rest at no more than about 0.3 micrometres below the surface of the silicon. In the application involving high-current machines, the oxygen ions bury twice as deep, to produce a dense layer between 0.3 micrometres and 0.6 micrometres under the surface.

Both the VG and NTT/Nova teams aim to have prototypes of their machines operational in the next few months. The first British machine will be available for use by companies such as Plessey and British Telecom while the prototype machine from the U.S./Japanese partnership will go to work at a NTT laboratory in Japan.

Projections for sales of the new ion-bombarding machines are a matter of conjecture. VG Semicon will rent time on its first machine to industry and hopes to sell further versions of the equipment from January.

Mr Ken Anderson, managing director of the company, says that by the late 1980s the world's semiconductor industry may want to buy the ion bombarders at the rate of 40-50 a year.

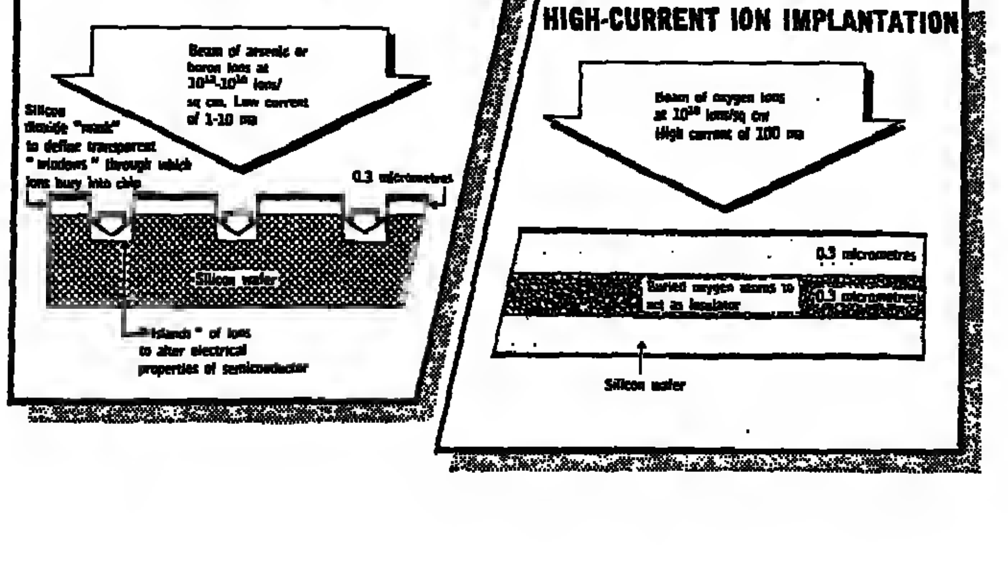
Assuming that the costs of injecting oxygen can be brought down with the new hardware to about $50—the current cost using conventional low-current ion implanters is roughly ten times higher—applications for the technology could take off.

Mr Tony Pyne, a manager with Mackintosh, a company of consultants with a special interest in the semiconductor industry, is more sceptical. "It would be incredible if a process that is in the research laboratories today could grow to account for 10 per cent of the market by 1990. That is just being too optimistic."

PRODUCING such high-current ion-implanters is not simply a matter of scaling up from the low-current hardware. The engineering problems include:

- The oxygen from which the ions are made must initially be in the form of a plasma, or a hot mass of ionised gas. Technicians must find special ways of containing the plasma while at the same time passing through it an electric current to force away the positively-charged oxygen ions.
- The oxygen ions are accelerated electrostatically and steered by magnetic fields to the surface of the wafer. The fields must be controlled extremely tightly to ensure the optimum number of ions hit the wafer.
- Keeping the wafer cool is also a problem. The large volume of ions (which once in the surface of the material pick up a negatively charged electron to make a neutral oxygen atom) carry enough energy to melt the silicon.

To keep the material cool, the VG machine will feature a rotating drum that carries about 100 wafers. Each will receive a dose of ions in short bursts of about a hundredth of a second. After each burst, the wafer moves out of the beam and cools down before getting a fresh injection about a second later.



Crucial steps in the development of ion implanters

ALTHOUGH U.S. companies dominate in ion implanters, much of the early work on the devices was done in Britain at the Harwell laboratories of the UK Atomic Energy Authority.

The machines, which cost about $1m each, have become essential tools in the world's semiconductor industry. They shoot ions at semiconductors to define the positions of transistors and other circuit elements.

The ions are normally beamed at the semiconductor through the transparent openings or windows (often only a few micrometres wide) of a "mask" of silicon dioxide (see diagram). The position of these windows are defined in a separate process in which fine patterns are drawn on the silicon dioxide using lithographic techniques akin to screen printing.

Two U.S. companies, the Extrion division of Varian and the Nova division of Eaton, between them account for most of the 300 or so ion implanters sold each year. Both Extrion and Nova are in Massachusetts and together employ about 2,000 people. Roughly 2,000 ion implanters have been installed in the world's semiconductor plants since 1970.

The key dates in the development of ion implanters are:

- 1960-60. Harwell engineers developed ion-separation techniques for a variety of uses. As well as use in the semiconductor industry, these included production of isotopes for medical or nuclear work and materials hardening.
- 1969. Lintott, a small engineering company in Horsham, Sussex, agreed to make implanters for semiconductor work under a licence from Harwell. (Harwell gave another licence on implanters, this time for materials hardening, to Hawker Siddeley, but this has now lapsed.) Until its demise in 1978, Lintott sold about 70 machines. In 1973 the company won a Queen's award for industry for both technical innovation and exports.
- 1971. Dr Peter Rose, a British physicist then at the Massachusetts Institute of Technology, founded Extrion in the U.S. He was later joined by Dr Geoff Ryding, another UK physicist, who had previously worked for Lintott in Britain. Both men had also worked for High Voltage Engineering, an American engineering concern.
- 1975. Extrion was taken over by Varian, a giant defence and communications-equipment based in California.
- 1978. Dr Rose and Dr Ryding left Extrion to found Nova, where they are currently president and vice-president.
- 1979. Lintott was acquired by Applied Materials, a semiconductor-equipment company based in California with an annual turnover of $200m.
- 1982. Applied Materials scrapped the old range of Lintott machines, declaring them obsolete. Applied Materials shut down its UK sales operations and converted its Horsham plant into a development unit for a new range of implanters which employs about 150 engineers, most of them British.
- 1985. Next month Applied Materials is to announce the fruits of its work at Horsham, a new family of implanters for semiconductor work. The implanters will be tended by robots which will lift wafers into and out of the machines.

Architecture/Patrick Blum

Away from straight lines

At Freda Faast's cafe on the corner of Kegolgasse, a small street in Vienna's well-established but unremarkable Third district, the talk is all about "the house." The house in question is a municipal block of flats designed by Friedensreich Hundertwasser, the celebrated and unconventional Austrian painter, and it is shaping up as Vienna's most exciting and original housing development for years.

It will be unveiled this month amid a flurry of controversy about the suitability of its design and its high construction costs. Yet what is already beyond doubt is that it will become a landmark for visitors to the city and add a bold contribution to the city's distinguished tradition of municipal housing.

Habitués at Freda Faast's are puzzled by all the attention the set of buildings, only a short tram ride from the city centre, is attracting. Herr Hundertwasser, who is a professor but does not like the title, has in the two years since construction began made the cafe his off-site home. He greets visitors there and responds cheerfully when customers ask for an autograph from "the master." Disputes about the house's merits, it seems, stop outside Frau Faast's door.

Across the street, as the scaffolding gradually comes down to reveal the colourful and intricate exteriors of the buildings with their undulating balconies, unevenly spaced windows, brightly glazed columns, golden domes, roof gardens and ornamented walls, passers-by are halted in their tracks. Public reactions range from spontaneous applause to shrugged shoulders and nods of mild disapproval.

The irregular outer walls of the house have been painted in white and light-pastel colours. Bright touches are provided here and there by vivid tiles. This gives a Mediterranean air hinting at the sun and the colourful contrasts of southern Spain. The impression is reinforced by the curved lines, arches and bulbous columns which recall the work of Antonio Gaudi, the Catalan architect, who at the turn of the century designed some of Barcelona's most stunning buildings and the delightful Parque Guell. Herr Hundertwasser is fiercely individualistic and dismisses suggestions that he may have been influenced by Gaudi, but he admits that the Spanish architect is a "relative in spirit."

The design also borrows from some of the decorative and then revolutionary art of Austria's Secession movement, but Herr Hundertwasser has brought a fresh, modern and freer touch to the elaborate ornamentation which characterised the work of the Viennese avant-garde at the time. The result is a unique set of buildings clearly designed with the eye of a painter rather than that of an urban architect or town planner, people for whom Herr Hundertwasser has little love or respect.

The house, he says, also fulfils a more serious purpose, namely to provide homes that are individualistic and close to nature. Originally he wanted to build a house that would be ecologically sound and in which human and other waste would be continuously recycled to fertilise the gardens and provide purified water. Herr Hundertwasser has made numerous experiments to that effect but these and other ideas were deemed far too unconventional or untested as well as potentially expensive for the city of Vienna authorities.

Instead there is a "natural environment" provided by more than a dozen roof gardens of various sizes at different levels, all planted with trees, grass and flowers, and for which almost 500 tonnes of earth had to be brought in. Here and there trees spring out of the windows of small enclosed patios. All of this conveys a feeling of space and openness which is usually absent in traditional buildings.

He says that conventional buildings are like prisons and that their drab uniformity makes them a "modern hell"; that architects and city planners are forever condemning people to live in houses they themselves would never want to live in. The principles of modern functional architecture should be firmly rejected as a source of human misery, and he suggests that it may be preferable to live in makeshift slums than in most functionally designed buildings.

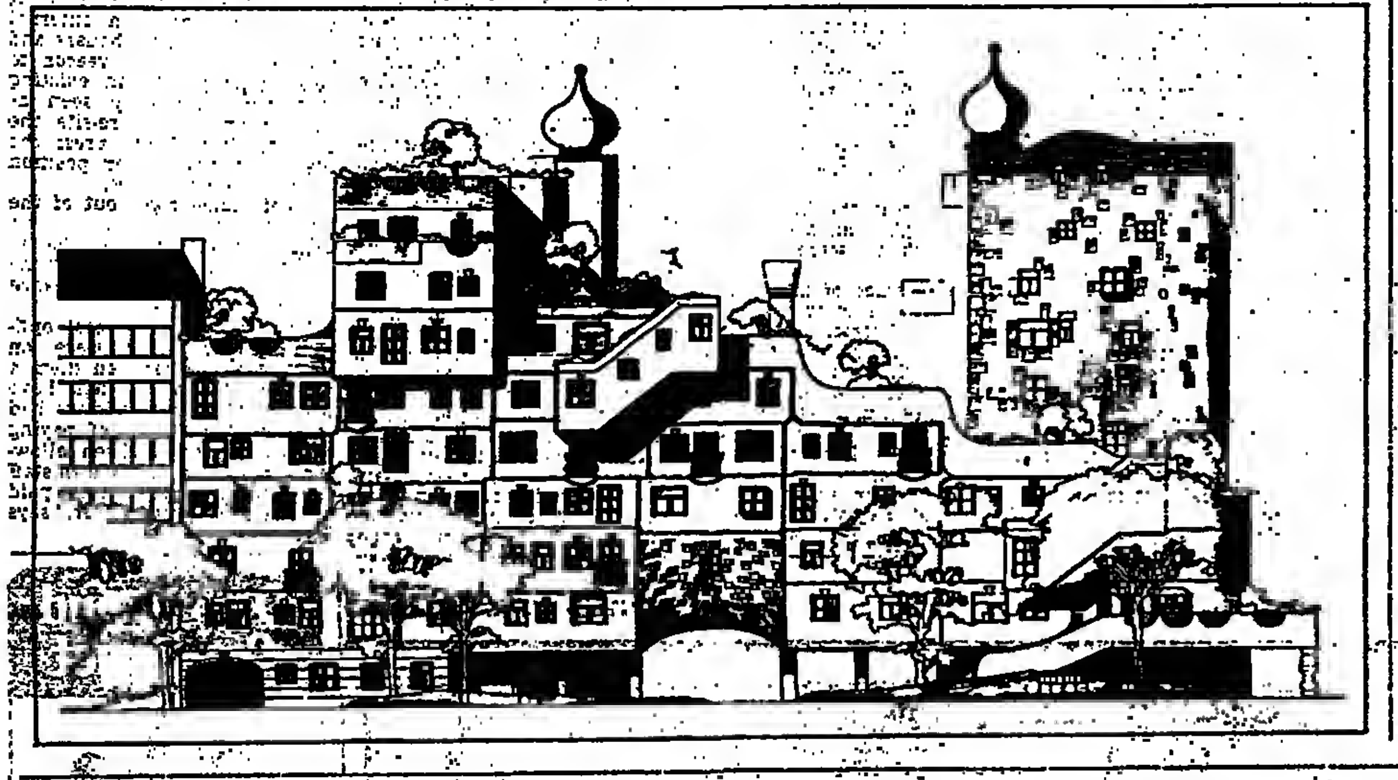
"I wanted to do something better than the usual straight lines and the heartless constructions that you see everywhere, and only someone from the outside who isn't an architect can do that," he says. "The straight line is anti-organic. A society based on the straight line is a dying society."

Accordingly, broken or curved lines predominate throughout the buildings. Tiles on floors and walls are placed irregularly. Walls have unexpected bulges and their corners are rounded off. Even the floors of corridors leading to individual flats have been laid unevenly to give the impression of "walking in the woods."

He says that one of his worst nightmares about the building is one in which the builders decide to flatten out all the floors. The construction firms have given him problems because of their tendency to want to flatten things and straighten lines out. So although he lives almost permanently in New Zealand he has spent most of the past two years on the site.

His views have not endeared him to the establishment and the house has come in for some strong criticism. Critics say that it does not fit in the neighbourhood, that it has proved far too costly to build and that only the better-off can afford such individuality.

This is not entirely fair. While construction costs escalated well above what was originally planned to Sch. 79m (£2.9m) for 50 flats, the house will be an asset to the neighbourhood. It emphasises how grey and dreary most of the surrounding buildings are but the blame for that lies with the architects and planners who built them, he says.



Salzburg Festival

David Murray

Salzburg has been having a heat wave: 33 degrees Centigrade, and sweatily *schwül*. The Karajan *Carmen*, as we must think of it, at least lowered the temperature. Though it opened with Günther Schneider-Siemssen's rather splendid sun-baked plaza, by the interval—after the longest first two acts I can remember—a terrific real-life downpour had come like a consolation and purge.

This *Carmen*, first seen at Easter, follows the usual Karajan plan: sumptuously staged, luxuriously cast (with the likes of Jane Berbié, Michel Sénéchal and Heinz Zednik in small roles), orchestra (the Vienna Philharmonic) very much to the fore. Lillas Pastia's inn, a cavernous night-club, obviously accepts major credit cards; the smugglers—a battalion of them—troop over a huge stone bridge before a grand seascape; the last act proceeds in gigantic tunnels beneath the seats of a bulling Colosseum, with the backs of a large, live audience visible just below the flies.

With all this picturesque super-naturalism, in the Cinemascope dimensions set by the Grosses Festspielhaus stage, Karajan has set himself insuperable problems of scale. He has opted (more or less) for Bizet's original *Carmen* with its spoken *opera comique* dialogue: his phenomenal Greek Carmen, Agnes Baltsa, can just about do it, and so could his minor players in a theatre half the size. His Don Jose, Jose Carreras, sounds courageous but strangulated in French, and his Micaela, Janet Perry, remains an inexpressive cipher in pigtails and blue shawl. The verbal interplay, shorn of irony and verve, dies on their lips.

Opera comique must be keen and swift; here, it is limp and protracted. The Baltsa Carmen, already admired at Covent Garden, is presented as a colossal solo turn—exciting in itself, certainly: animal intensity, proud contempt, a fine abrasive chest-voice. She is unremittingly loud, and even her nuances are billboard-sized.

Everybody else is dwarfed. Carmen's low-life friends, half-audible, fight a losing battle for our attention against supernumerary business in other parts of the stage. The Carreras dramatic gamut runs, as usual, from depressed to desperately depressed; the latter limit is effective and moving at the denouement, but a Don Jose who belts out "La fleur que tu m'avais jetée" like a rejected aria from *La Boheme* is no French stylist, and the character is established far too late. There is no stylistic failing in Jose van Dam's Escamillo, which was once a model of the role, but with mellow maturity the cutting edge has gone.

A long interpolated routine for the Ballet Espanol de Madrid, accompanied by clapping, stamping and non-Bizet guitars, kills Act Two, before the action has properly begun.

Karajan secured extreme delicacy in some preludes and entr'actes, and brilliant colour in others; ensemble, though, was alarmingly shaky — far inferior to the Augsburg open-air *Aida* on a comparable scale last month. Between an "authentic" *Carmen* and grand opera there is, I fear, no middle ground.

Richard Strauss' valedictory *Capriccio*, a needle-point masterpiece, survives much better in the Kleines Festspielhaus, despite an obtrusively clever production by Johannes Schaaf. *Capriccio* is an opera about itself, and about opera in general: near 18th century Paris, a poet and a composer vie for the favour of Countess Madeleine, with running interference by artists of other species, and they agree to collaborate in making an opera—the very one that we see—out of their romantic contest.

Schaaf has chosen to stage the fable in period Art Deco (a bit early for Strauss's actual collaboration with Clemens Krauss), forbiddingly Teutonic in heavy glass and metal. One by one, however, the characters exchange their modern chic for historical costumes and wigs—apparently they are *all* involved in rehearsing the poet Olivier's play—and a series of rococo vistas materialises beyond the glass. The idea is prettily inconsequent and a dramatic nuisance: not only does everybody have to go back to Paris in full drag but when Flamand rushes off to set Olivier's sonnet to music, it is plain upon his return that he has needed every minute to don his theatrical finery.

These producer's tricks do less damage than they might, for Schaaf knows well enough what *Capriccio* is about, and a good cast blossoms with sensitive tending by the conductor Horst Stein. I thought his treatment of the prelude—"Flamand's sextet" — too passionately hectic by half, and the prompter's later exit unconscionably drawn out; but otherwise Stein's fresh, detailed insights are a continual delight.

One happy accident: Schaaf denies the Countess a stage harp on which to accompany herself in the Sonnet, last time round, so the orchestral harp has to be specially prominent—and that produces charming harp revelations throughout the score (notably in the inspired Trio), touches I had never noticed before. The risky larger ensembles are kept transparent and lively.

The Trio is a touchstone for any *Capriccio* (Olivier feeling traduced by being *komponiert*, Flamand enraptured with his own setting, Madeleine vapourising estatically about words-and-music) and it was impeccable. Anna Tomowa-Sintow presents a blandly gracious, maternal Countess, but sings her admirably; Eberhard Buchner's shy but subtle Flamand and Franz Grundheber's literary-lion Olivier are nicely matched. As the brother, Count Wolfgang Schöne plays an urbane host, if less ardent than his music suggests. Excellent Major-Domo (Lorenz Minth); a tame pair of Italian singers, and a solid octet of worldly-wise servants.

Manfred Jungwirth's La Roche, the theatre director, is no flamboyant grotesque but a sincere professional, just comic enough to be disarming. What lights up the evening, however (rather to Miss Tomowa-Sintow's disadvantage — she needed all her vocal powers to re-capture our sympathy for the final monologue) is Trudeliese Schmidt's sweeping, shameless, vital incarnation of the actress Clairon. It is a wicked lesson in how to move a relatively marginal role into a central position, and triumph by absolute fidelity to the character. It is also superb singing.

Edinburgh Fringe

Martin Hoyle

When is a fringe not a fringe? Like Topsy, Edinburgh's alternative festival has "just growed." As with off-Broadway theatre, the fringe has its own heirarchy; and if late night cabaret from standup comics, poor material amateurishly presented, marks the nadir, the other extreme can be found in confident productions of sequels to West End hits.

The northern rugby saga of those gallant muddlers from the Wheatsheaf losing by a hair's breadth to the thuggish Cobbler's Arms teams is resumed in *Up "n" Under II — The Story Continues*. Hull Truck may hope the Assembly Rooms in George Street will be a launching pad to the West End (London), where Jon Godber's original still plays at the Fortune; but it must be confessed that the joke is wearing thin.

The recognisable comedy of quirky human nature has changed to Cloggies-type comic strip humour; and a straining for laughs is evident in such gambits as the boys' appearance as drum-majorettes and the deployment by villainous Reg Welsh—as unprincipled as ever — of a hooded martial arts expert from Soho's Chinatown to beat up our weedy heroes before the match.

The cinema sound-track joke soon palls and such caricatures as the pseudo-intellectual schoolteacher quickly grate. But only the meanest-spirited could remain calm as history looks set to repeat itself with a narrow defeat for our lovable underdogs, only to plunge us into nail-biting suspense. Mr Godber directs, as he did last year's original—a Fringe First winner, be it remembered, and subsequently Laurence Olivier Comedy of the Year.

Another Olivier, Richard, is at work at the Scottish Centre, Shandwick Place, at the West End of Princes Street. He direct one of two plays by the young actor/writer Sean Matthias. As regards *Infidelities*, I suspect Mr Matthias will be groaning at the very mention of Joe Orton by the end of the festival; but comparisons are inevitable in this bizarre story of a beautiful stranger who lavishes his sexual services on a middle-aged traffic warden (Peter Kelly) and his slightly barmy wife, a school-dinners lady rendered even dottier by Jill Bennett's reluctance to relinquish the accents of Sloane Square.

On the night I went, extra problems like a leaking roof ("This is *west* coast weather," complained my outraged companion, an Edinburgh resident, of the deluge) added tension to what I gather is usually a more laid-back comic piece. Certainly Mr Matthias shares Orton's tendency to couch curious sentiments in language of stilted formality. "I was that disturbed—substance left by every pore," is a good description of gippy tummy; and the humour turns very black as the couple, tied hand and foot, hop around in panic before being stripped to their underwear and left in the pillaged emptiness of their Kilburn basement flat: an absurdist end to what is too obviously a *hommage* to Orton.

The young man—a descendant of Mr Sloane with an added interest in incest—is played with extraordinarily sinister sexuality by Jason Carter, underlined by Mr Olivier's production that has him lithely stalking, vaulting and pouncing on anything in sight.

For my money, A Prayer for Wings is the more interesting of Mr Matthias's plays. Dummy teenaged Rita and her Mam live in a disused church. The older woman is crippled by multiple sclerosis and must be lugged between bed and wheelchair by her quietly desperate daughter. Rita's life is circumscribed by supplementary benefit, shops, the launderette and the recreation ground where she allows the local youths to touch her according to a fixed scale of charges.

The abrasive interdependence of the two women is well depicted by Anne Mannion (a co-producer, who commissioned the piece) and an unrecognisable Patti Love whose unsentimental Mam, all Welsh puritanism over the sins of the flesh except when guzzling her baked beans and chocolate, is one of her best performances. Joan Plowright's production (the Matthias double is a mother-son affair) is punctuated by bursts of *Carmina Burana* which merely emphasise the short takes of the play's construction (it would go well on radio or TV) and give a jerky effect. The final irony is predictable; but this bleak and individual vision of two people tied inextricably by bonds of love and resentment is all the author's own and much more worthwhile developing than post-Orton sexual arabesques.

USSR New SO/Edinburgh

Max Loppert

Having severed links with the BBC Symphony Orchestra a few years ago, Gennady Rozhdestvensky returned to Russia to form his own new orchestra. Its debut in the West has been one of the features of the 1985 festival schedule; Thursday's concert, the second of two at the Usher Hall, was unfortunately not possessed of a programme by which the qualities of the playing could be fully measured. But at least in the closing item, *La Valse*, one could relish the big, expansively-bowing string sections, as well as the typical Russian breadth of brass and wind; and, in response to the conductor's familiarly sinuous, relaxed approach to Ravel, the ensemble was swept up with a gradually gathering fervour that was gauged to extract maximum showmanship.

For the rest, it was a musically bitty experience. The Prokofiev ballet that occupied the first half, *Pas d'acier*, is one of his least inspired scores—nine-tenths perfunctory mechanical movement, to one-tenth of powerful excitement at the close. From a stalls seat in a half-filled hall, the pounding beat seemed not always unanimously struck by all sections.

This was followed after the interval by Alfred Shnitke's Violin Concerto, which the soloist Oleg Krysa was introducing to Edinburgh. On his day Shnitke deserves to be reckoned the leading contemporary Russian composer; but he can also produce extraordinary ragbags of music, and this concerto is definitely one of them. It throws together parodies of half a dozen repertory violin concertos, scraps of atonality and cadenza, music-theatre gestures (the soloist twice silently enacts struggling to be heard above full orchestra), and, in between, long sections of meandering semi-lyricism the tone and purpose of which are left continuously unclear. If the intention was a critique of concerto manners, it is an exceptionally feeble, dated, and lengthy one—a concerto lasting half an hour at least needs rather more than dramatic fits and starts to keep it going.

Carmen/Radio 3

Andrew Clements

Glyndebourne's annual visit to the Proms has become a cherished institution. *Carmen* was this year's choice for the journey from Sussex, in Peter Hall's production (the first ever at Glyndebourne) which Max Loppert described and generally welcomed on this page when it opened two months ago.

Maria Ewing in the title role was the main attraction then, and it was she who stole most of the vocal honours at the Albert Hall on Thursday night, in that happy hybrid between concert and fully staged performance that is a feature of these events. There is no doubt of the almost feral excitement that Miss Ewing generates: a portrayal full of animal cunning, a predator whose mind is as dangerous as her physical and vocal allure, and who could turn the most heroic Don José into a pathetic victim. Opposite her Barry McCaulay's Brigadier began rather uncertainly, with insecure top notes; but he gained in conviction through the evening and by the fourth act was altogether a better matched protagonist.

The Micaëla of Marie McLaughlin, consistently beautiful of phrasing and shading, was an unqualified success — and she secured the biggest spontaneous ovation of the evening for her third-act aria.

Those who might think Bernard Haitink's conducting lacking in the necessary primitivism to make the most of some parts of this opera would have had their prejudices confirmed by the first Act, which he unfolded at a steady, unflappable narrative pace. At that point one feared there might be a dramatic mismatch between the conductor and the volatile heroine. But Haitink's dramatic sure-footedness had the last word. While never sacrificing any instrumental refinement — marvellous playing from the London Philharmonic throughout — the screw was remorselessly tightened until the final Act was played out on a knife-edge of tension. Full-bodied singing from the Glyndebourne chorus too; their contribution to the dramatic success of the evening was considerable.

If You Wanna Go To Heaven

Michael Coveney

Chrissie Tiller's casually episodic play set among new recruits to the Women's Land army in West Yorkshire during the last war won this year's Texaco/National Youth Theatre playwriting competition. As a member of the judging panel, I acknowledge the play's suitability for NYT production while remaining sceptical of its intrinsic merit. But it was a poor year for submissions and the piece at least offered the company more parts for girls than any at the NYT since *The Petticoat Rebellion*, the ebullient suffragette play that launched Nicholas McAuliffe.

In the event, Bill Buffery's production at the Shaw turns out rather well; a convincing kaleidoscopic sunlit exposition of authentic memories among women searching for a role in society by filling in for absent men on the Yorkshire farmland near Wetherby. The central character is Esther, first seen rebelling by attending a church dance. She reacts to her mother's objections by impulsively joining the WLA and finding herself elected forewoman by default.

The play is not charged with any great dynamic but proceeds in its leisurely way, through a series of well-organised group scenes, to show how the girls withstand the farmer's bullying, the loss of loved ones, the invasion of snotty evacuees. Esther (Helen Wingrave) explains to her boyfriend, Tom, how she needs a life in the WLA as well as his affection. The first act ends with news of Tom being torpedoed; the second starts with Esther injured in a road accident. They both survive. In a bold final scene, at a 1985 WLA reunion, we hear of their three children.

This last scene also pinpoints the clash between Esther and Shirley, the conscientious objector, who mourns the dead of Dresden by reading from an old Baedeker and who leaves the WLA to be a teacher. Her daughter is a Greenham habituée. Shirley is well played by Laura Bridgeman, and other notable contributions in a well differentiated cast come from Diane Axford as a sarcastic cheerleader resembling Judith Anderson on a good day, Felicity Irons as a tall and toothy "good sort," and Katy Stephens as the girl who fall for the farm manager's son and ends up with blood on her hands.

What the evening lacks in narrative drive and theatrical coherence it makes up for in spirited playing, enjoyable set-pieces such as the Christmas party or the hay-gathering picnic, and a parade of cardigans, socks, hairstyles and scarves that are accurately evocative of the period. Humphrey Jaeger's last-minute design of sliding barn doors topped off with a primitivist impression of the dales is thoroughly serviceable.

Royal Ballet's opening performances

The Royal Ballet's 1985-86 season opens on October 17 with a performance of *The Sleeping Beauty* with Lesley Collier, Stephen Jefferies, Monica Mason, Fiona Chadwick and Antony Dowson.

The season continues with a series of *Divertissements* and a revival of Ashton's *The Two Pigeons*, and then the première of David Bintley's one-act ballet *The Sons of Horus* takes place on October 30 in a triple bill with *La Bayadere* and *Elite Syncopations*.

The Sons of Horus is set to a commissioned score by Peter McGowan and designed by Terry Bartlett.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

August 16–22

Music

LONDON

Amsterdam Baroque Orchestra directed by Ton Koopman, harpsichord. Bach. Queen Elizabeth Hall (Mon). (9283191).

Jacques Loussier and Play Bach Trio. Barbican Hall (Mon). (6388891).

BBC Philharmonic Orchestra conducted by Bernhard Klee with Bruno-Leonardo Gelber, Piano. Beethoven, Zimmerman and Strauss. Royal Albert Hall (Mon). (5898212).

Malcolm Williamson, Liszt and Sibelius. Royal Albert Hall (Tue).

Medici String Quartet with John Williams, guitar and Mike Cookson, viola. Mozart and Boccherini. Queen Elizabeth Hall (Tue).

Lynn Harrell, cello and Rudolf Firkusny, piano: Stravinsky, Beethoven, Ginastera and Chopin. Queen Elizabeth Hall (Wed).

Polish Chamber Orchestra conducted by Jerzy Maksymiuk with Jean-Louis Steuerman, piano. Mozart, Bach, Bartok and Haydn. Royal Albert Hall (Wed).

BBC Philharmonic Orchestra conducted by Edward Downes with Sequeira Costa, piano. Strauss, Chopin and Prokofiev. Royal Albert Hall (Thur).

Moscow Chamber Orchestra directed by Victor Tretyakov, violin. Handel, Mozart, Shostakovich and Haydn. Queen Elizabeth Hall (Thur).

Academy of Ancient Music conducted by Christopher Hogwood with soloists including Emma Kirkby, Paul Elliott and Margaret Cable. Messiah. Barbican Hall (Thur).

Ronnie Scott's, Frith Street: Gonzalito Rubalcaba's Group Project from Cuba. (4390747).

John Williams, playing with the Medici String Quartet this week, at the Queen Elizabeth Hall in London

PARIS

La Grande Ecurie et Chambre du Roy: Claire Giardelli as conductor and cello soloist, Jacqueline Nicolas, soprano, Mirella Giardelli, organ: Bach, Handel (Mon, 8.30 pm) Saint-Severin Church.

Pierre Bouyer, piano recital: One hour with Boely (Tue, 6.30pm). Sorbonne, Amphithéâtre Richelieu.

Jean Guillou, organ recital: Bach (Wed 8.30pm). Saint-Germain-des-Pres Church.

Jaap Schroeder, violin, Georges Guillard, organ, Toccata: Bach, Biber (Thur, 8.30pm). Blancs-Manteaux Church.

All these concerts are part of the 20th Festival Estival de Paris (3548496, 5624080, 11am–7pm, not Sun).

VIENNA

Vienna Hofburg Orchestra conducted by Kurt Hofbauer. Waltzes and Light Opera. (Tue). Sofiensaal (722198).

Ensemble Harmonia Nova conducted by Klaus Busch. Speaker Jacqueline Ala. New Music from Vienna. (Mon) Hoboken Saal.

Tonkunstler Orchestra conducted by Wolfgang Dorner. Haydn, Bach, Dvorak. (Tue). Arkadenhof (1515).

Vienna Chamber Orchestra conducted by Philippe Entremont with Ola Rudner and Heinz Haunold, Violin. Handel, Bach, Vivaldi. (Wed) Schonbrunn Palace.

Haydn Symphoniets conducted by Manfred Huss. Haydn, Mozart. (Thur) Karlskirche.

Vienna Bach Soloists conducted by Ernst Wedam with Barbara Gisler, flute, Alexander Krins, violin, Huguette Dreyfus, harpsicord. Bach, Handel. (Thur) Minoritenkirche.

NETHERLANDS

Amsterdam, Nieuwe Kerk (Dam Square): Organ recital by Nico Wasdorp. Van Noordt, Böhm, Bach, Kellner, Reger, Bijster. (Thur).

TOKYO

Mimura Harp Ensemble: Roderigo, Mozart, Ravel, etc. Shibuya Public Hall. (Wed), (3639151).

Contemporary Korean Piano Music: Lutheran Ichigaya Center Hall. (Tue). (3230644; 3255468).

SPAIN

Santander, Plaza Porticada. Orpheus Chamber Orchestra of New York: Rossini, Haydn, Berlioz and Bartok (Mon), Orpheus Chamber Orchestra accompanied by Spanish pianist Alicia de Larrocha: Handel, Mozart and Bach. (Tue). (21.05.06).

Barcelona, Jardins de l'Hospital 56. Japanese baritone Stomu Masuko and pianist Manuel Cargica Morante. Haydn, Wolf (Tue). (301.61.00).

Santander, Santuario de la Bien Aparecida. Organist Jose Manuel Zone, Bach. (Mon, Tue, Wed) (21.05.06).

NEW YORK

Mostly Mozart Festival (Avery Fisher): Mozart Festival Orchestra conducted by Gerhard Schwarz with Jean-Paul Rampal, flutist, and Grant Johannesen, pianist. Mozart, Hoffmeister, Wranitzky, Chopin, Handel (Mon, Wed); Chamber Music with Jean-Pierre Rampal, flutist; Michael Tree, violist; Sharon Robinson, cello; John Steele Ritter, pianist and harpsichordist. Haydn, Beethoven, Mozart, J.C.P. Bach (Tue); Beaux Arts Trio. Michael Tree, violist; Michael Morgan, double bass. Mozart, Schubert, Schumann (Thur).

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Monday August 19 1985

Marcos ponders new mandate

CUT OFF from most sources of new credit, feced with a contracting economy, Communist insurgency, waning popular and international support, and growing pressure to implement unpaletable political, economic and military reforms, President Ferdinand Marcos of the Philippines is considering calling an early presidential election. The prospect is a worrying one.

There are those who argue that a new mandate might give the beleaguered Mr Marcos the confidence to tackle the problems which bedevil his administration. Most if not all of these—including the economic ones—are essentially political in nature and require political will to solve them.

Resounding success for Mr Marcos at the ballot box could restore investors' confidence in the Philippine economy. It might also give Mr Marcos the backing to push through difficult economic reforms required by the IMF and to clean up a corrupt military establishment whose image has suffered great damage since its implication in the assassination two years ego of Mr Benigno Aquino, the popular opposition leader.

Substitute

A clean presidential election, following last year's open and fair legislative poll in which the Opposition won a third of the seats, would also strengthen the country's democratic institutions. These have been weakened by 20 years of autocratie rule and there is an urgent need to bolster them in order to ensure e peaceful transition of power when Mr Marcos, who is 67 years old and ailing, finally goes.

If this is what President Marcos intends to be the outcome of an early election—one is not officially due until 1987—then he should go ahead. But there are good grounds for suspicion that the president may use a presidentiel election victory as a substitute for such actions, rather than as e basis for them.

It is true that under considerable pressure Mr Marcos has made some changes. The setting up of a commission to look into the assassination of Mr Aquino, last year's elections and the partial economic reforms which led to the rescheduling of Manile's $25.5bn foreign debt, were all steps in the right direction. But there has been as yet no fundamental reform such as doing away with the Philippines' particular brand of "crony capitalism" or the opening of a genuine dialogue with the country's opposition.

Advice

A big reason why Mr Marcos has been able to get away with half measures in the past, and why he may think be can do so now, is the belief that U.S. political and economic support would go on indefinitely because of Washington's desire to keep its military bases in the country at all costs.

The U.S. would clearly prefer not to leeve the Philippines. Clarke Air Base and Subie Bay are pivotal to U.S. security interests in Asia and the Pacific, at e time of expanding Russian influence. But Mr Marcos needs to ask bimself how far the U.S. would be willing to go in defending these important bases.

If, as a result of his failure to implement the necessary policies, widespread npheaval were to combine with Communist Insurgency to plunge the country into chaos, would an American president sacrifice a single U.S. soldier to defend those bases? The answer is almost certainly not, particularly if the chaos was the result of the regime's failure to heed advice offered by the U.S. in the first place.

Tread warily on rates

THE LONG parliamentary recess is Whitehall's season for preparing briefs on long term questions and for giving ministers something to wave et party uconferences. It is, in short, an interesting and dangerous time, and this is notably true this year. For the theme of the moment is the finance of local government, an area carpeted from wall to wall with political banana skins.

The reform of local finance is, of course, the hardiest of perennials, and for an excellent reason: the faults of the present system bave long been obvious, end have become more pronounced during Mrs Thetcher's regime. Some problems ere inescapable in any system: the need for local government services is generally greetest where the local populetion has least capacity to pay, so that Whitehall is inevitably involved in an expensive system of equalisation.

Reform

This is potentially an area of bitter contention, but bere at least there has been a steady improvement. The system of needs assessment on which calculations of central support are based is now generally thought to be working pretty well, efter a distinctly accident-prone running-in period. That judgment would not be eccepted by London boroughs, for the high costs and special needs of the metropolis are not given much weight — but this is a qnestion calling for simple adjustment rather than wholesale reform.

However, if the system is now largely equitable between areas, It is far from equitable between ratepayers. This problem is a reflection of the political cowardice of a succession of Governments, who have postponed overdue revaluations.

The result is that the anomalies are now very large, and any attempt to put them right involves new burdens on those who have been sheltered by past postponements.

The storm which followed the revaluation in Scotland seems to have convinced some Ministers — and, perhaps more important, most constituency chairmen — that the whole subject is too hot to handle. The conclusion is that since rates cannot be pnt onto a rational basis, they ahould be abolished; and since Mrs. Thatcher once promised ebolition in e moment of rather rash eloquence, substitutes are being eagerly studied.

The trouble is, as some experienced Ministers have been reminding their colleagues, that abolishing the rates would do nothing to abolish the underlying problem. Whether the burden is to be redistributed through revaluation or by inventing a new tax base, there will be winners and losers, and the losers will make all the noise. As a result the timetable is distinctly cautious. There is to be a speech, et present intended to leave most options somewhat open, et the Conservative party conference, and a Green Paper in December This, it may be suspected, will be largely devoid of numbers, on the model launched for social security by Mr Norman Fowler, to limit the eupply of free ammunition to the Opposition. Nothing will actually happen until 1988.

Meanwhile, there is a second problem which, as the Prime Minister recognises, urgently needs eddressing: the problem of the free lunch (or more probably the nearly-free bus). Well-meaning attempts to protect the poor from even the diminshed rates burden imposed by present valuations mean that for many poorer voters, there is no burden at all, since the rates are paid by the Department of Social Security. In such areas votes are won by high-spending rather than economical councillors.

Poll tax

Again, bowever, although the problem is a real one, the invention of a new tax base is unlikely to solve it. It is rather housing benefit which needs reforming. If the needs assessment were sufficiently eccurate, excellent results might be produced by standardising bousing benefit nationally, giving ratepayers the support needed to bear the whole burden of the expenditures they vote for. Here an element of the fashionable proposal for e poll tax might be belpful; the demand for services and, to some extent, the ability to pay, is bigger in big households than small ones.

With this supplementary source of income, the shock of a realistie new valuation—which should surely be based, as the Treasury argues, on capital values — should be more bearable; and full central financing of some services which ought to meet national standards, notably policing and education, could help further. For at bottom a property tax, which is simple, unavoldable, and has no effect on incentive, is a good one: indeed, if it were not there, eome economist would promptly invent it. The economic as well as the political erguments surely fevour a cautious reform rather than a radical one.

Multinational investment

Why the Brazilian market is temporarily on 'hold'

By Andrew Whitley in Rio de Janeiro

SAO PAULO, it is regularly said, has more German industry than any city in the federal republic, and the largest concentration of Swedish business after Stockholm and Gothenburg.

"This isn't a developing country," says James Ruffell, president of Coats Paton's Brazilian subsidiary, "That could be West Germany out there."

The multi-nationals have done well in Brazil over the past two decades—the period of military-technocratic rule, when democracy was put into cold storage and the government got on with building the country's physical and industrial infrastructure.

Profit levels until the 1981-83 recession were excellent in almost every sector. Corporate growth usually averaged better than the national figures of seven to 10 per cent a year.

And sales were directed at a fast-growing market of more than 100m people which, for many companies, appeared to show better prospects than any other in the world, the U.S. included.

In turn, the multi-nationals have done well by Brazil. Direct foreign investment leapt from $1.8bn in 1971 to $12bn by the end of the decade. With reinvestment included, the gross figure by 1980 had reached just under $17.5bn.

But after a decade of explosive growth during the 1970s, new foreign investments in Brazil bave virtually dried np. Opportunities look more attractive elsewhere, particularly in the Far East and South East Asia.

In the third quarter of last year, the latest figures disclosed by the government, overall foreign investment ectually declined for the first time.

The dominance of a few long-established foreign companies in their own sectors is impressive. Souza Cruz, the BAT Industries' subsidiary, has 80 per cent of the cigarette market; Pirelli controls 40 per eent of the tyres business and 50 per cent of cables; Coats Paton has more than half the domestic market for eewing thread.

In most chemical and petrochemical products it is the foreigners, led by Rhone-Poulenc, Dow Chemicals, Bayer and Hoechst, who lead the field. Nestle, a powerhouse in Brazil in foodstuffs, has more than 75 per cent of the dried milk market.

Pharmaceuticals are almost totally in the hands of multinationals. So much so that the sector is now being threatened, for the second time in three years, with e government-imposed "market reserve" in favour of national companies.

The vehicle industry, as befits its size and importance in development, is in a separate category. To all intents and purposes a closed cartel of four major companies—two U.S. and two European—applies on the car manufacturing side which has kept its present shape for over a decade and looks set to stay that way.

The list of sectors considered "off limits" to foreigners or, at best, tolerated on the fringes includes: oil exploration, the alcohol fuel programme, capital goods, banking, insurance, the aircraft industry and telecommunications.

Pirelli, which has been in Brazil for 60 years, was allowed to become the market leader in both tyres and cables. But when it turned the attention of its Brazilian R and D department to fibre optics—a logical development of its cables business—it found the way blocked by law.

This field, the government said, was covered by the recently-passed (and much criticised) "informatics law," a blunderbuss piece of legislation which gives strictly-defined national companies eight years' protection against any competition from outsiders in e field ranging from small computers to cad-cam equipment.

The implications of this piece of nationalistic legislation have given pause for thought to many multi-nationals in manufacturing—concerned at the rapid obsolescence of their products as Brazil falls behind the rest of the world in applications of computer technology.

But some foreign industry spokesmen, such as Augusto Diniz of the American Chamber of Commerce in Rio, are confident that practical considerations will compel the government to ease the law within two or three years.

Nationalism of the kind which a generation ago led to the setting up of Petrobras, the state oil company, with the rallying cry "The oil is ours" may be on its way back. But a glance at the league table of leading private companies nevertheless shows the inroads the multi-nationals have made over this period.

Excluding the financial sector eight of the top 10 companies last year measured by sales reported in Brazil, were foreign owned. Among the top 50, half were subsidiaries of multinationals. The only Brazilian companies to make it into the top 10 were the leading supermarket chain Pao de Acucar and a giant sugar co-operative.

U.S. investment and reinvestment, at just under $7.5bn, currently represents about e third of the grand total of $22.9bn. More strikingly, the figures reveal that over the past five years—during part of which the Brazilian economy passed through its worst recession this century—U.S. investment increased by 83 per cent and Canadian by 86 per cent, half as mnch again as the average growth.

In contrast, Swiss investment, which includes several leading Italian companies, grew by only 12 per cent and Swedish by 8 per cent.

The UK has maintained its recent modest share of 4.5 per cent, with a total invested of $1.12bn, according to last year'e figures. Much of this is due to reinvestment by e handful of major companies such as Royal Dutch-Shell, BAT Industries and Unilever.

Even in retail banking, where the foreign presence has been severely circumscribed for many years, the big international names are steedily gaining ground. Citibank is now the leading private bank in Brazil, measured by loans. Chase Manhattan, Credit Lyonnais, Bank of Boston and Lloyds, to name only a few, are forging ahead in its wake.

Despite this entrenched position in what remains—even after the worst of the debt crisis—the western world'e tenth largest economy, the multinational moguls in Brazil, are uneasy about the outlook.

In the past three years two of the epparent certainties on which they originally based their investments have either been knocked away or severely shaken.

First, the 1981 collapse of the domestic market and subsequent three-year recession wiped out the decade entirely for many companies selling within Brazil. Vehicle sales, for example, are expected to recover their 1980 peak only by 1990 or 1991.

At Ford do Brasil, investments bave been slashed to $250m over the next five years—half their level of the previous five-year period. They, too, will be going into greater efficiency and improved products rather than new capacity.

Taking advantage of the economies of scale possible, exports by the Brazil-based vehicle giants are, in the meantime, shifting away from built-up vehicle and towards large components such as engines or transmission shafts.

The second shock to the multinationals' collective system came last year when it became clear that the military-led regime, previously expected to stay in power until 1991, albeit indirectly, was definitely on its way out.

This March Gen Joao Figueiredo handed over power to the civilian politicians of the Democratic Alliance and the business world held its breath. For two months the dramatic events surrounding President-elect Tancredo Neves' illness and death had the country on tenterhooks and the government machine locked in near-paralysis. Fears were briefly raised of a rapid deterioration of political and economic stability.

As calm returned, the debate in company boardrooms turned to the cloudy future. President Jose Sarney, an unwilling successor to the late national hero, may be doing his best, it is said. But will this be good enough?

"I bave to says I am much more pessimistic about Brazil than I have ever been before," says Ray Krinker of Price Waterhouse. Other foreign observers while less candid are equally gloomy. "Brazil doesn't seem to be very receptive to the foreign investor," one complained at a recent international business conference in Rio.

"Nothing has changed" says Herr Lechner. "The debt—internal and external; inflation; the population crisis—these ere the fundamental problems."

This uncertainty at a higher pitch today than for decades, is what is troubling big business, national and foreign-owned alike.

In many manufacturing sectors it is price controls, brought in with a vengeance by the new government as one of its main weapons in the fight against inflation, which are the chief source of uncertainty and complaint. The vehicle and components industries have been lobbying hard to alleviate their effects—sure to push the car companies back into the red.

More worrying is the fresh wave of economic nationalism which has coincided with the change of regime and been given an emotional charge by the exigencies of the International Monetary Fund and the country's bank creditors.

The only possible change in sight in the near future concerns e relaxation of the present restrictive policy towards portfolio foreign investment. The central bank recently confirmed it was looking into ways of easing the conditions which hem in this investment channel.

Where the restrictions can, and do, pose constraints is in those cases where further investments by successful companies is blocked by the "market reserve" legislation. Companies like Burroughs or IBM, forced to compete head-on for a ehrinking, although still very profitable, ehare of the market, thus find themselves sitting on a cash mountain of rapidly-depreciating cruzeiros.

But the picture is by no means all black. What has saved the Brazilian subsidiary of many a multi-national has been the national export drive of the past two years. Showing some deft footwork, companies which were beavy importers oriented towards the domestic market were able, in some cases within months, to switch their input sourcing and product lines and then sally out and sell abroad.

The change of direction was not entirely of their own volition. The government has relied heavily on the multinationals' market knowledge and finance-raising abilities to help Brazil achieve its all-important trade surpluses.

While manufacturing may be taking a back seat, top line names are moving discreetly into the raw materials area, always regarded as one of Brazil's trumps.

Two big titanium mining joint ventures have recently been announced by U.S. companies, among the most far sighted during these more difficult times. Meanwhile, household names in the foodstuffs business have been staking out their own territories.

Forty years after it was coined, the tag that this is "the land of the future" cannot be shaken off so easily.

Ashley Ashwood

Honda factory in the free trade zone, Manaus

BRAZIL'S LEADING MULTINATIONALS

	Nationality	Sales (1983 figs.)
Royal Dutch Shell	Anglo-Dutch	$2.89bn*
BAT Industries	British	$2.21bn*
Exxon	U.S.	$2.07bn
Volkswagen	German	$1.62bn*
Ford	U.S.	$1.58bn*
General Motors	U.S.	$1.33bn
Texaco	U.S.	$1.29bn
Atlantic Richfield	U.S.	$1.27bn
Bunge y Born	Argentine	$1.1bn†
Pirelli	Italian	$766m
Nestle	Swiss	$752m
Fiat	Italian	$706m*

* Includes major subsidiaries. † FT. estimate based on published results of major companies in group.
Sources: Exame magazine/Interinvest guide.

Men and Matters

Indians on the takeover trail

By Wall Street'e mega-buck standards, there was nothing remarkable about the recent $22.8m takeover of Simpson Electric, an Illinois test equipment manufacturer. But the deal is e major topic of North American Indian pow-wows, and may even raise an eyebrow or two among the chiefs at Barclays Bank's Lombard Street headquarters.

Simpson bas been bought by the 2,300-strong Lac du Flambeau band of Chippewa Indians which claims that the investment is the biggest of its kind ever made by an Indian tribe.

This branch of the Chippewa inhabits a rather sleepy corner of northern Wisconsin. Until now they were best known for their habit of fishing and canoeing at night by the light of birch bark torches—hence the French name for the village.

Most oft he Indians are out of work, very poor and, until a few months ago, nothing could have been further from their minds than spending more than $20m on a company based several hundred miles to the south.

Then word spread that Simpson, which operates one of lts four plants in Lac du Flambeau, was up for sale, and the local chiefs became worried that the largest employer on the reservation might be snapped up by e corporate predator who would not think twice about closing the local plant.

The Chippewa beld e referendum and voted 304 to 70 for a takover. Mike Allen, the 39-year old tribal chairman, turned for help to e little known investment bank, Tribal Assets Management (TAM)—based more than 1,000 miles away in Portland, Maine.

TAM is the brainchild of Thomas Tureen, e St Louis lawyer, and Daniel Zilkha, e member of the famed banking family, who once worked for S. G. Warburg and Bear, Stearns.

Tureen has been fighting for Indian rights for more than a decade and masterminded their biggest financial coup to date when he forced the U.S. Government to pay $81.5m to 4,200 Indians of the Passamaquoddy and Penobscot tribes. The money was compensation for the loss of 12.5m acres of land—two thirds of Maine—which had been seized from them over the last couple of centuries.

TAM was set up to belp oversee the windfall. It acts as an investment banker, but with a social role in providing jobs for Indians and belping reduce their dependence on Federal handouts.

Other Indian tribes with sizeable, but often under-exploited, resources — Indians own 55m acres of land in 48 states—are now among TAM's clients. It has done deals for the Nevajo and the Cherokee—and now this for the Chippewa.

The Simpson ecquisition was organised as a leveraged buy-out. TAM arranged for guaranteed, low interest loans from the Bureau of Indian Affairs, and issued Indian tax-exempt bonds. These have been bought by Barclays which has put $16m into the deal.

Horse-traders

Down in the rural West of England, too, an unusual initiative bas been taken to improve job prospects around the town of Trowbridge which has relied on three traditional products — cloth (no longer), bangers and beer.

Entrepreneurial members of West Wiltshire district council have raised £4m privately to ouy 73 acres of farmland in sight of the Westbury White Horse, where they intend to establish a self-contained business and technology estate.

George Appleyard, an engineer on the council, is prime mover behind the plans to creale 3,000 new jobs on the White Horse Park over the next five years — without cost to the ratepayers.

Appleyard has no pretentious ideas ebout "science parks." But be is forging elose links with Bath University, 15 minutes drive eway. He admits the connection adds tone to his project. But be wants it primarily to make engineering services available to his tenants, and to pipe in information and computing services.

What of the effect on the local scenery? "We cherish the green belt," Appleyard asserts. Far from spoiling the view, he says, the park will help discourage abuse of the local countryside by hippy squatters.

"Anybody ever tell you that you're a natural on television?"

Sons of toil

Ron Todd, secretary of the transport workers, is urging his members to give a massive "yes" vote in oext month's ballot for continuing political contributions to the Labour Party.

A supporting booklet for the campaign called "Our Voice in Parliament" which lists the background of the Transport and General Workers' Union'e 28 sponsored MPs could cause some surprise in works canteens.

Only a handful of the representatives of Britain's biggest manual union can lay claim to first-hand experience.

Lawyers, lecturers and journalists predominate. Even Neil Kinnock, Labour's leader, is described as "previously a trade union tutor."

One bemused union official says: "*I had never realised who our voice wae until I read this amazing booklet.*"

He is particularly taken with the description of Hugh Brown, the member for Glasgow Provan, as a company director and civil servant. "*I know we are e big union but I bed never before appreciated our support from these two sectors.*"

Party dress

The Paris offshoot of Burberrys, the raincoat maker, has got into hot water for renting out a computerised list of lts mainly well-heeled customers to the French neo-Gaullist party, RPR, led by Jacques Chirac, the city's mayor.

France's computer privacy monitor, the Commission Nationale de l'Informatique et des Libertés (CNIL), bas sent the company a warning after Burberrys' customers were showered with letters from the RPR appealing for funds.

Sharp-eyed recipients noticed a strong resemblance between the address slips on the RPR circular and those on their 1985 Burberrys Spring Catalogue—same print, address codes and even, on occasion, identical spelling mistakes.

The CNIL found that Chirac'e party bad acted in good faith by buying the data through an intermediary. But it ticked off Burberrys for failing to inform clients that its records might be turned over to an outside user for purposes of "electoral propaganda."

Customers at least now know that Burberrys apparel offers no protection from political storms.

Observer

UK enterprise boards

Labour looks to the local 'resistance fighters'

By William Dawkins

West Midlands Enterprise Board chairman Geoff Edge (left), John Prescott, Labour's employment spokesman and Alan McGarvey, chief executive, Greater London Enterprise Board (right)

CHRIS WARD, chairman of Kirby's Engineers, a producer of cardboard box making machinery in the West Midlands, was at his wits' end two years ago.

He had mortgaged "everything I could lay my hands on" to buy the Oldbury-based business from its former parent, Caparo Industries, which had lost patience with its poorly performing subsidiary.

Mr Ward had trimmed the workforce from 170 to 35 people in an attempt to compete against cheaper and more advanced Japanese and West German imports. In the space of 18 months he bad turned the business from £400,000 annual losses to breaking even. But still Kirby's was desperately short of working capital, and needed to invest heavily to keep up with foreign competition.

"The clearing banks frankly didn't want to know," recalls Mr Ward. Kirby's future looked grim until accountants Arthur Young put it in touch with the West Midlands Enterprise Board (WMEB), whicb in early 1984 stumped up £120,000 in a mixture of loans and equity, adding another £180,000 a year later.

It was as if a fairy godmother had waved a wand over the cash-starved company. Kirby's — which now hoasts 56 staff and a new production line turning out box-making machinery claimed to be as advanced as any in tha world — made a £115,000 operating profit in the year to last April, expects to take £1.9m worth of orders over the next 12 months, and is making respectahle inroads into West Germany, the U.S., and France.

Kirby's is one of several hundred businesses — large and small — to have been supported hy Britain's five enterprise boards. Its experiences illustrate the positive face of a Labour-inspired movement which is attracting growing attention and growing controversy.

Two years ago, few people had ever heard of these publicly-funded job creation bodies, which were originally conceived as local versions of the old National Enterprise Board. Since the formation of the Greater London Enterprise Board (GLEB) by tha Greater London Council in early 1982, they have grown swiftly, with the establishment later that year by their respective local authorities of the WMEB and its equivalents in Lancashire and West Yorkshire, followed by Merseyside a year later.

Even today, they are still frequently confused with local enterprise agencies, private sector-backed bodies which offer advice and training to small businesses.

Now the enterprise boards have been swept into the mainstream of Labour's industrial and employment strategy, where they are seen as a key to the Opposition's policy of decentralising economic decision making. "Wa believe that they are the engines of growth for a new type of regional policy whicb plans from the bottom up and not from the top down," says Mr John Prescott, Labour's employment spokesman. He adds: "There is a whole new movement in the Labour Party that is concerned witb the creation of wealth as well as its distribution. These municipal authorities are beginning to show us how to do it."

Mr Geoff Edge, former Labour MP and chairman of tha WMEB, argues: "Without economic intervention, manufacturing industry is not going to recover. To intervene, you need to know what is happening in the regional economies, and for that you need decentralised organisations."

Kirby's Mr Ward likens the boards to an economic version of the French resistance movement, their enemy being unemployment. "The D-Day landings would have been useless without local resistance on the ground," he says. "The enterprise board here has been set up by people who understand the size and nature of markets in the West Midlands in a way that central government cannot.

The boards have, however, attracted a fair deal of criticism over the openly left-wing policies they have tended to pursue in line with those of their Labour local authority creators.

Sceptics argue that they have deliberately channelled ratepayers' money into providing soft loans and equity for ailing manufacturing industries, such as engineering and textiles, when these sectors should be left to find their own way against market forces like everybody else.

It is also argued that, by assisting struggling companies, the boards make life more difficult for healthy companies. Some of them, especially GLEB, have been criticised for imposing burdensome conditions on the businesses in which they invest to support worker and union participation. Small ventures with their backs to the wall have found it hard to refuse such conditions, but several have later found them troublesome to put into practice.

GLEB's reputation was not helped when Scotland Yard announced in April that it was mounting four separate inquiries into loan and property transactions at the Board. A former senior investment manager is to appear in court next Monday, charged with corruptly receiving a bribe.

Meanwhile, the boards are tackling with varying degrees of difficulty the problem of arranging new constitutions with the district councils, to which they will be accountable after the metropolitan councils which until recently funded them—except in the case of the county council backed Lancashire Enterprises Ltd (LEL) —are wound up next year.

GLEB has had bitter disputes with the Department of the Environment, which is underwriting its budget, over its interim funding. The others have had less trouble because they have tended to adopt a less radical political stance, but it is still unclear how easy it will be for them to attract money in future from hard-pressed district councils, not all of which are sympathetic to their cause.

At the same time, the boards have begun to win converts from all political parties, impressed by their emerging record as job creators and investors in companies which are too small or do not have enough assets to attract fully commercial backing.

GLEB claims to have been involved in creating or saving 3,500 jobs at a cost to London's ratepayers of £3,645 each, while the WMEB tally is 4,000 jobs at £2,500 apiece. That is only a drop in a jobless ocean, but the boards claim that their jobs come cheap against the £5,000 to £7,000 annual cost per head of unemployment benefit.

Mr Alan Pickering, managing director of West Yorkshire Enterprise Board, sums up their investment policy: "We are trying to fill a funding gap between the banks, who won't lend unless it's wholly secured, and the City, which wants to see a 35 per cent return." He points out that because his board does not have to pay dividends on its investment portfolio, it can afford to invest in companies so small that they would take up an uneconomic amount of management time for any private sector investment group.

It would be misleading, however, to suggest that all five boards constitute a unified movement with one policy. Their styles and intentions are different, as are the approaches they have taken to tackling an uncertain future.

At one extreme sit the GLEB and the WMEB, which tend to take an interventionist approach (the WMEB for instance, refuses to put public money into service industries) in the belief that supporting jobs and production is more important than returning a profit on their investments. At the other end of the spectrum, Lancashire and West Yorkshire put commercial returns as their top priority even if they still try to pursue social investment policies.

"We don't give handouts," claims Mr Angus Niven, LEL's managing director. West Yorkshire's Mr Pickering echoes: "We are like a publicly funded merchant bank. As far as investing is concerned, it is wholly commercial."

It is no surprise, therefore, that LEL and West Yorkshire made pre-tax profits of £171,000 and £241,000 respectively in 1983-84, while WMEB records a loss of £193,000. GLEB makes no attempt to record a pre-tax figure in its anual report because it believes that would be inappropriate.

As for the future, there is no doubt that GLEB is the board with the toughest struggle on its hands. The Government has withheld half of its £20m centrally approved budget for 1985-86 until the board has made firm progress in arranging a new constitution with the 32 London boroughs.

Consequently, the GLEB has been unable to make any new investments since the start of its financial year in April. Sixteen boroughs have now said that they would be ready in principle to take closer responsibility for the board's affairs, and the Department of the Environment is expected to make a decision this week on whether to release the remaining £10m that would allow Gleb to start investing again.

Even if the Department comes up with the money, it is unclear how willing the boroughs would be to go feeding the board once it falls into their hands. As with the other boards, most of its funds are levied under a provision of the Local Government Act which is entirely discretionary.

The lower profile WMEB, by contrast, reached an agreement after a year's negotiation with its seven district councils and extracted its full £3.5m budget from the Government late last month. "We have been luckier than I dared hope," admits Mr Edge.

West Midlands has also raised £4.25m from pension funds for a unit trust to be run with Lazard Brothers merchant bank to back commercial propositions which fall outside its own investment strategy — a route which its smaller equivalent in Merseyside might follow.

West Yorkshire has avoided the problem by ensuring its own financial independence from the start. Unlike the other boards, it has no regular anoual public funding. Instead, it was set up with one-off grants totalling £10.5m from West Yorkshire County Council plus a £10m medium term loan from the Bank of Nova Scotia.

It lives off the interest on unused cash — the board has invested just £6m in 43 companies in its first two years—and aims to repay the loan by making a turn on those investments.

LEL does not even face the problem of having to satisfy a new set of authorities because its sponsoring body, Lancashire County Council, is non-metropolitan and therefore not heading for abolition. Nevertheless, rate-capping has ensured that a growing proportion of its £4.5m annual budget is coming in the form of interest-free loans on which repayments begin in 1991. Although its corporate and property investments are made on a commercial basis, more than 10 per cent of its spending goes into subsidised business training and consultancy.

"If we continue to support our non-commercial activities, then our capital base will be eventually eroded," Says LEL's Mr Niven. His statement goes right to the heart of the difficulties all the boards must face in reconciling social objectives with the need to make some kind of a return on their investments.

The movement is too young to show whether it can generate wealth as quickly as it can create or save jobs. Roughly one in 10 of the companies backed by GLEB have failed, probably the highest fall-out rate in the movement—but even so, that performance would be far from disastrous for a fully commercial venture capital group.

Lombard

A charter for UK schools

By Michael Prowse

AUGUST IS a bitter-sweet month for many British schoolchildren. On the one hand, it falls bang in the middle of the enjoyable long summer vacation. On the other, it can be a time of great anxiety: it is the month in which the all-important grades achieved in two sets of harrowing public examinations ("O" and "A" levels) are announced.

Schoolchildren may wonder why these "sudden death" examinations, in which five years' work can be assessed in three hours, are necessary.

What accounts for the drama and the psychological torture: the solemn rows of single desks, the stony-faced invigilators, the grave injunctions against co-operation (known as cheating)?

Examinations, after all, correspond to nothing in the real world, where performance is almost always measured over long periods during which the advice and support of colleagues and supervisors is taken for granted.

Associated with the strange ritual of public examinations is the extraordinary phenomenon of specialisation in British schools. The absurd, but once routine, practice of asking 16 (or in my day 13) year-olds whether they want to become "scientists" or "artists" is fortunately becoming less fashionable: in the information technology age, Chaucer and integral calculus are less often regarded as mutually exclusive.

Yet British society, perhaps more than any other, remains riven into C. P. Snow's "two cultures" — chemists who can barely write and literary critics who are frightened of calculators.

Some of the underlying assumptions of our education system have recently been challenged. It is now widely accepted that an improvement in the quality and quantity of technical and vocational courses for non-academic teenagers should be a priority.

But there is more complacency over the education of brighter children—almost a feeling that things can be put right merely by placing more lathes in the hands of dim 14 year-olds. This is a strange view when assessment by public examination is regarded as a self-evident virtue and when it is still thought sane to allow clever 16-year-olds to concentrate on just three subjects.

There is a strong case for scrapping public examinations and ensuring that all children study a wide range of subjects up to the age of 18 — in other words for copying the education system of the U.S., which has a much more successful economy than Britain's.

The abolition of trial by public examination would give schools much greater freedom and responsibility: to educate rather than slavishly follow outdated syllabuses. University entrance would be determined mainly by a nationally-administered intelligence test (to gauge potential rather than acquired knowledge, which is heavily dependent on circumstances) and by a comprehensive final school report.

The greatly increased significance of the final school report —a U.S. style "graduation" certificate—would have far-reaching ramifications.

With exam grades no longer the sole criterion of success, teachers, especially in state schools, would have a bigger incentive to worry about their pupils' personal development. Students, as in the U.S., would find it paid to take a much more positive attitude to their schools and teacher-assessors, and to partake in a wide range of activities.

Getting rid of early specialisation would be just as significant. It would avoid a huge efficiency loss: who knows whether half of Britain's nuclear physicists, given longer to discover their comparative advantage, might not have made better literary critics and vice versa?

There is no good reason why all academic children should not study, say, maths, a language, a science, English literature, a social science and several other options up to the age of 18.

A broader education, desirable in its own right, would also create a more flexible workforce, capable of exercising sounder judgment.

Letters to the Editor

The Britoil issue

From Mr R. Anthony,

Sir, — Does Mrs E. M. Mabey (August 14) realise that it is precisely the act of applying for 1400 shares "knowing that we might only receive a scaled down allocation that creates an oversubscription in the first instance therefore she can hardly complain when she becomes a victim of her own logic.

As she obviously thinks Britoil shares are such a good investment, why not buy them in the Stock Market, admittedly at a premium to the offer price, but this price was a discounted price anyway.

The real lesson to be learned from the Britoil issue and similar issues is that real stock market profits (the reason for buying shares, yield considerations apart), are made on mid to long term investments and not on overnight killings."

Robert Anthony,
16, Berridale Avenue,
Cathcart, Glasgow.

Double counting of acceptances

From Mr S. Barber.

Sir,—It is with some concern that I have followed reports that shares in an offeree company could be counted twice as having accepted an offer. To any clear thinking person, this is clearly anomalous and could enable a 25.1 per cent shareholder to gain control without actually purchasing any further shares.

A relatively straightforward system for avoiding such a situation would be to require transactions in tha shares of offerees to be in either accepted or not accepted form. Any purchases of shares by the bidder can then be identified and doubla counting avoided by the removal of the acceptance. Although this would increase administration, it would be little different from marking shares as ex-dividend or ex-rights. It would also enable bidders or others to be somewhat more selective in their purchases while retaining flexibility for shareholders to withdraw acceptances.

If self-regulation and the City's reputation are to be taken seriously, rapid and decisive action is required to prevent possible double counting of acceptances in bid situations.

S. D. Barber,
19, Highpoint,
North Hill, N.6.

Internal auditors

From the Deputy President, Institute of Internal Auditors — UK

Sir,—In your editorial of August 9 you refer to a suggestion of the Institute of Chartered Accountants working party of the Government could impose statutory requirements for "satisfactory internal controls," that it is far from clear what would amount to satisfactory controls and that the accountants do not pretend to have an answer.

May I suggest that the answer lies with the internal auditors whose prime function is to ensure that adequate control systems exist and are adhered to. My institute has issued standards for the professional practice of internal auditing which include, inter alia, detailed statements on the internal auditors' role in deterrence, detection, investigation and reporting of fraud.

S. V. Hinde.
82, Portland Place, W1.

Ticklish subjects

From Mr P. Jackson

Sir,—The Industrial Society (August 12) is wrong to condemn as "irrelevant" the questions that managers are said to ask when interviewing job candidates. Answers to the examples you quote give an insight not only into the inner man or woman, but also into their managerial qualities, viz:

"What do you think of Geoffrey Boycott?" can tell you first whether the manager is interested in cricket and might therefore provide stimulating company on the Glasgow Shuttle (not everyone wants to discuss productivity levels all the time, you know), and secondly his suitability for a post requiring qualities of hardy individualism rather than self-effacing team skills.

"Should the Elgin marbles be returned to Greece?" tells you first whether he has a soft spot for Melina Mercouri, and secondly his likelihood in negotiations of taking a vigorous "have what we hold" line as opposed to a more wishy-washy liberal policy.

"How many animals did Noah take into the Ark?" gets not only at whether his general knowledge is likely to be an asset to you in the inter-departmental quiz, but also at his potential for dealing with the tricky question of who and how many of his colleagues to throw overboard in the event of the icy waters of insolvency lapping around his ankles.

My advice is to ask more questions of this nature rather than less. After all, what made Britain great was not the massed battalions of MBAs, each with a water-cooled micro in his back pocket, but managers with a sure knowledge of the difference between a leg glance and a sweep, capable of whistling the refrain from "Never on a Sunday," and moreover able to identify not only an elephant but also a kangaroo at 50 paces, a brace of very stiff pink gins notwithstanding.

Peter Jackson,
34, Richmond Hill,
Richmond-upon-Thames,
Surrey.

Not many principles left

From Dr J. Wilkes.

Sir,—An item on August 14 refers to "The committee of vice chancellors and principles." This committee has no principles. If it does not resist Sir Keith Joseph's unceasing attacks on the academic independence and essential funding of our universities it will soon be lacking a few vice chancellors as well, for selective closure (selection by whom?) cannot now be long delayed.

Sir, we can tolerate your misprints for a while without losing confidence in your paper's authority and value. Similarly, our universities, except for departments of education (who are supposed not to count) are not yet at the mercy of government-appointed inspectors. But no institution whose essential purposes are the dissemination of true facts and a wide variety of ideas can survive subversion for ever.

Perhaps the mole from Grauniad centre who is undermining your presses is on the right side after all.

John Wilkes (Dr).
50, The Balk,
Walton, Wakefield.

Currency options

From Mrs C. Furse

Sir,—Mr John Parry (August 15) extends the popular view that over-the-counter and exchange-traded options exist to serve a totally different client base. In some cases this is true and particularly so, as he points out, if an option is required in a currency mix (eg. Swiss Franc/Sterling) which is not yet available in exchange-traded form.

The point about the merits of the two types of options is this. Quite simply OTC options are considerably more expensive than exchange-traded options. If there is an alternative market and a real, ie liquid, trading, market, can the extra expense of an OTC option really be justified (1) when most exchange-traded options are continuously exercisable, ie, exercisable on any specific date the client may choose, and (2) if not exactly, then certainly for larger amounts, very nearly exactly in the amount required?

(Mrs) Clara Furse.
Phillips & Drew Futures.
120, Moorgate, EC4.

Brown boots

From the Chairman and Managing Director, John Lobb

Sir, — I noticed a recent article in your paper concerning army boots and also a letter from Col Peter Sincock (August 2) on this subject. Col Sincock refers to the bespoke boot-making industry of St James's, and I venture now to write to you as a representative of that industry. I do not particularly wish to comment on what has been written, but the whole subject brought back memories to me of what happened in the war.

I was a member of the Home Guard when it was first formed and before any uniform or equipment had been issued. Ultimately, we got the ordinary army battle dress, including a pair of black boots and brown anklets. Sometimes we were required to get in the uniform somewhat hurriedly and I thought that the footwear could be improved. I accordingly submitted a design to the War Office of a black boot with black anklets attached so that instead of having to deal with boots and anklets, one only had the one piece of footwear to put on. This pattern was duly accepted by the War Office and I termed it the Battle Boot. We did, in fact, make a few pairs for army officers, one of whom lost a leg in combat and after he had recovered, he sent one boot back to me saying that he no longer required a pair! I have the boot with me to this day.

At the risk of taking up too much of your time, I venture to tell you one of the earliest stories that went around at the time the Home Guard was formed. All fairly able men from all walks of life were called together and were, of course, given army uniform issue boots and anklets. On the first parade, however, the local squire appeared wearing brown boots and his sergeant reprimanded him for not wearing the black army boots. Whereupon, the squire replied: "You do not expect me to appear with black boots and brown anklets and a brown uniform, do you?"!!

Eric Lobb.
9, St James's Street, SW1.

FINANCIAL TIMES

Monday August 19 1985

Terry Byland on Wall Street

Long term optimism undaunted

LAST WEEK did little to restore Wall Street's faith in the investment outlook for the short term. Both in the real world of the economy and the somewhat hothouse atmosphere of the stock market, the omens were discomforting.

A drop in house starts in July in the wake of unpromising statistics on retail sales and industrial production deepened the clouds over the prospects for the economy – and thus for corporate profits. The surge in M-1 reawakened Wall Street's favourite nightmare – that an out-of-control money supply will prevent the Federal Reserve from easing policy if the economy runs into trouble.

These trends, as suggested last week, are encouraging the brokerage houses to look for stocks with good value, relative to the market as a whole, rather than for companies expected to turn in good profits.

Not that Wall Street is backing away from its faith that the economy – and therefore, corporate profits – will gather pace in the second half of the year. Merrill Lynch predicts that profits will be "up about 10 per cent second half," and Shearson Lehman that growth in earnings per share (EPS) on the Standard & Poor's 500 index will "accelerate to double digits late this year."

This is quite optimistic, in view of the 3 per cent dip in corporate profits in the first half of the year – measured on the S&P composite index – and the absence of enthusiastic statements from corporate boardrooms as the third quarter reaches its half way stage.

Stock	P/E
Gen Motors	6
Ford	3
Du Pont	12
Bristol-Myers	16

When it comes to stock or sector recommendations, however, the investment advisers stick fast to relative valoe, stressing shares that are out of line with the S&P price earnings ratio, and eschewing some major sectors of the market.

Thus, there are recommendations for drug stocks, but not for chemicals, for motor parts stocks but not cars, for computers but not semiconductors and for suitably qualified soap stocks but not for the major retailers.

Among the less favoured sectors, the Detroit carmakers have already begun to fall foul of the market. Car sales, after holding up much longer and better than expected, now seem to be faltering – although the sharp dip in early August sales may have reflected the strike by delivery drivers. Wall Street was more disturbed by the lacklustre growth in July consumer debt, of which car sales are a major component, and greeted General Motors' generous sales financing plans with some derision.

However, the market has already sounded a warning. General Motors and Ford are on price/earnings rated at substantial discounts to the 11.41 per cent p/e on the S&P 500 index.

Some chemical stocks, on the other hand, seem less realistically priced, perhaps because the dramas at Union Carbide have distracted investors' attention.

If Monsanto, selling at just under 10 times earnings, seems generously priced against the S&P then Dow Chemical, at 14 times earnings is leaning very heavily on optimism for the profits outlook.

Nor will the respective standing of these sectors be changed much if, as expected, the earnings ratio on the S&P index comes down to just over 10 in 1986.

But by the same token, the renewed appetite for pharmaceutical stocks already shown the marketplace, seems more soundly based. The picture is complicated by the rash of special factors, such as the dramatic rise in Upjohn on predictions of success for its anti-baldness treatment.

Merck and Pfizer trade on 16 and 15 times earnings respectively, handsome ratings even for a sector traditionally accorded premiums of 25-30 per cent on the S&P index. The current premiums are discounting the expectation that earnings will grow by 10-13 per cent this year and next – comfortably in line with all but the most optimistic predictions for the S&P stocks.

The market's current propensity to measure stocks against the major indices explains why attempts at an overall rally have been unsuccessful. The technical indicators urge caution, institutional interest is fitful, and premiums on stock index futures have shrunk.

Wall Street is picking its stocks carefully this summer.

David Goodhart visits Liverpool's first match of the season

UK soccer fans kick off quietly

"IT WILL be quiet today. They won't do anything when the eyes of the world are on them and we're so well prepared," said the young policeman.

He correctly predicted Saturday's subdued start to the English football season after the disasters of last season's fire at Bradford and the riot by Liverpool fans at the European Cup final in Brussels.

"Of course, in three weeks' time it will all start up again," the policeman added, as the train set off from London with 150 Arsenal fans bound for Anfield, home of Liverpool football club.

"It may not be quite as bad as last season, perhaps some of them will have been shocked into behaving better, perhaps the alcohol ban will help a little. But this has been going on for years. Too many people get too much enjoyment out of it just to stop overnight."

The policeman looked as if he ought to know. He carried the words "The Who" tattooed on his right arm, signifying that be too had once enjoyed a fight. (The Who is a rock band which in its late sixties heyday attracted a raucous following.)

He also appeared to have a more than professional interest in the now infamous "elite" squads of well-heeled hooligans with their military pecking orders, newsletters and alternative fighting fixture lists.

West Ham or Millwall clubs – both in London – he reckoned had the toughest fans. As for Liverpool, he said they could be nasty in big groups (as the Juventus fans so tragically discovered in Brussels) and they liked to use Stanley knives. "But get them on their own in the open and they are nothing."

That was little consolation to the contingent of apprehensive Arsenal fans, mainly in their late teens and early 20s, who were welcomed by tha wall slogan "Cockneys die" as the train pulled into Liverpool's Lime Street station.

While the other travellers were ushered off the train and out of the station, the London fans were piled into special coaches with an escort to Anfield of four police Transit vans each.

On the day, the first-class hooligan treatment turned out to look faintly ridiculous. The atmosphere on the coach was tense but subdued – as if we were a school football team with butterflies in our stomachs travelling to play an important game.

The bus stopped briefly outside the Liverpool Supporters Club but there was not so much as a gesture of aggression from the pavement or the bus.

Then off the bus, with Arsenal scarves well hidden, past the mounted policemen, through a police body search and into the pen of 1,500 visiting supporters looking over a magnificant sun-drenched pitch.

The final stages of a commemoration service to those killed in Brussels was drowned by the full-throated chanting of the Liverpool and Arsenal fans. They probably couldn't hear it anyway because of the faulty microphones.

"Establishment" conventions such as singing the national anthem at FA Cup finals has never been well respected by the noisier fans and there appeared to be no conscious defiance in the singing.

In any case, Juventus flags were flying alongside Liverpool ones as a mark of respect (hopefully) at the Kop end – where Liverpool's most fervent fans stand. The fans behaved impeccably, as they usually do at home.

The match, which Liverpool won 2-0, was not a particularly good one. But the two teams behaved exceptionally well on the pitch – apologising to each other for fouls and rarely questioning the referee. Events on the pitch often spark at least some of the superficial nastiness at matches – and the only real anger and frustration at the Arsenal end came when they had a penalty disallowed just before Liverpool's second goal.

The hard-core Arsenal fans occasionally chanted the jibe "murderers" at the massed ranks of the Kop (perhaps 15,000 strong out of a total attendance of 38,000). But some of their lewder chants were actually hushed by the other Arsenal fans. A good sign of the times?

The only references to Brussels were to be found in the Liverpool match programme where Mr John Smith, chairman, wrote a hard-hitting "clean up the game" piece.

There was also a letter from a Liverpool fan, Jim Clarke, of Wigan, who said he had not expected, after Brussels, ever to hear again from his Italian pen friend Sabrizio. But he had recently received a letter from him.

"After Brussels my love for English soccer looked like disappearing," Sabrizio had written. But it is up to true supporters to defend the game from hooliganism, which is not only a British problem.

"After all the arguments we must try to make football the world's greatest game again. I hope we can work it out together."

Perhaps a small start was made on Saturday.

GM considers building Isuzu off-road vehicle in Britain

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

GENERAL MOTORS of the U.S. is seriously considering producing in Britain the Isuzu Trooper, a Japanese four-wheel-drive vehicle which competes with BL's Land Rover and Range Rover products.

The Trooper would be assembled by GM's Bedford subsidiary which already is making another vehicle based on an Isuzu design: the Midi van.

Mr J. T. Battenberg III, Bedford's general manager, describes the Trooper as "a very interesting product." But deciding whether it should be built in Britain is not proving easy: "It depends on the volume we can expect to sell and exchange rate predictions."

At present the Trooper is distributed in continental Europe by Convesco, a company 51 per cent owned by GM with the rest of the equity held by Isuzu. In turn, GM owns 34 per cent of Isuzu.

The Trooper is sold mainly by Opel dealers in continental Europe – GM owns Opel in West Germany – and accounted for the majority of the 9,500 vehicles Convesco delivered in Western Europe last year.

The vehicle is not available in the UK at present but a private import company set up recently by the Follett car retailing group plans to start selling them, along with Isuzu cars, next year at an annual rate of about 400.

In Japan, the Trooper is called the UBS and output has been rising rapidly since Convesco started distributing it in Europe and it went on sale in the U.S. last year when 15,000 were registered. Trooper production jumped from 19,564 in 1983 to 40,120 last year.

Isuzu is ranked ninth among the Japanese automotive groups in output terms with a 1984 production of 432,257 vehicles (including 86,536 cars).

The Isuzu product which Bedford has already launched successfully in Britain, the Midi van, has now gone on sale in France and Italy – markets from which built-up Japanese vehicle imports are almost totally excluded. GM spent £20m ($27.6m) to re-engineer the Midi to European specification and output is now running at an annual 22,000 from the Luton van plant north of London.

Bedford now intends to produce a second Japanese commercial vehicle at Luton, this time based on a Suzuki micro-van, sold in Japan as the Every van. GM owns 5 per cent of Suzuki.

According to the unions, initial production will begin in November for a launch next spring. Output will be about six an hour or roughly 10,000 a year.

While admitting that the Suzuki micro-van has "tremendous potential" in Western Europe, Mr Battenberg insists it is too early for him publicly to discuss the production plans.

However, he refuted suggestions by the unions thet the Suzuki van would contain only 25 per cent UK content by ex-factory value. He pointed out that GM gave an undertaking to the British Government to produce the Midi with a UK content of 60 per cent, rising to 80 per cent as quickly as possible, and that this would hold good for other Japanese-based vehicles.

Bedford obviously would follow the same formula if it decides to the Isuzu Trooper in Britain.

Maryland Savings Bank thrift fund may default on $1.3bn

BY WILLIAM HALL IN NEW YORK

EQUITY PROGRAMS Investment Corporation (Epic), the real estate syndication subsidiary of a Maryland savings bank, has warned that it may default on $1.3bn of mortgage-backed securities within the next fortnight.

Epic disclosed on Friday that it was delinquent on payments due on about $1bn of mortgage securities and that "a technical condition of default probably could exist by the end of this month." The news sent nervous tremours through the U.S. financial markets on Friday and led to heavy withdrawals of deposits from Epic's parent, the Bethesda-based Community Savings and Loan.

Epic has been growing quickly by putting together limited partnerships in about 20,000 single family homes which it has sold to investors across the U.S. and financed by selling mortgage-backed securities.

Investors have been attracted to these types of deals by the promised tax advantages. Many of the mortgages issued by Epic are insured by large mortgage insurers such as Mortgage Guaranty Insurance Corporation of Milwaukee and Ticor Mortgage Insurance of Los Angeles.

It is understood that many of the new homes being financed by Epic investors are in the Sun Belt, where overbuilding has led to a drop in property values and a poor rental market. As a result, Epic has suffered cash flow problems and has borrowed money from its parent.

Community Savings is one of several Maryland savings banks which is seeking to join the federal deposit insurance scheme following the run on the deposits of local Maryland savings banks three months ago, which precipitated the collapse of the privately-owned Maryland Savings Share Insurance Corporation which insures deposits in local savings banks. Maryland state officials have temporarily stepped in to guarantee local deposits until federal insurance is available and have imposed a limit of $1,000 a month on withdrawals.

The federal authorities have told Community that it will not be eligible for federal deposit insurance coverage until it disposes of Epic, whose mortgage liabilities of $1.3bn dwarf its parent's $443m in assets.

Community Savings said on Friday that "Epic is working with its investment banker and other interested parties, including the mortgage insurance industry, to accomplish the divestiture as quickly and as orderly as possible. Once an agreement is in place, normal operations for Epic and the partnerships are expected to resume."

Mr Clayton McCuiston, Community's president, said on Friday that officials of the thrift intend to avoid any default and are "working diligently to effect" a divestiture of the Epic real estate syndication unit.

Mr McCuiston added that Community is trying to "recapitalise and restructure" itself to accomplish the divestiture "so as a temporary step we are holding everything in place." The savings bank is conserving its cash assets even though payments on the mortgage-backed securities are due.

Mortgage-backed securities are a relatively new but rapidly growing financial instrument that provide funds for housing in much the same way as the stock market finances industry.

BBC board to discuss staff vetting

By Raymond Snoddy in London

THE BBC is likely to review the issue of security vetting of staff following allegations in a British Sunday newspaper that outside candidates for jobs and internal candidates for promotion are being vetted by MI5, the British security service.

The issue, raised in the Observer, will be discussed at a meeting of the BBC's Board of Management today amid fears that the report could further damage the corporation's reputation for independence following the recent banning of the documentary on political violence in Northern Ireland.

Senior BBC executives last night admitted privately that a system which had first been put in place during the second world war had, almost unnoticed, got out of hand.

It is believed that many thousands of BBC staff have been vetted by MI5 although the BBC emphasised that it has never handed over files to the security services.

Some senior BBC executives argued last night that an urgent review is needed to see how much, if any, vetting is justified. Any action to change the present arrangements, however, would need the agreement of the Board of Governors

The issue is complicated by the BBC's broadcasting responsibilities in the event of a nuclear emergency. In such an emergency ITV, the independent British television network, would be closed down and the BBC would be the sole broadcasting system run directly by the government.

Because of this a number of BBC staff need to know about secret plans on how Britain would respond to a nuclear emergency – such as the setting up of emergency broadcasting centres

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	79	Dubrovnik	S	28	82	Malaga	S	28	82	Salzburg	F	17	63
Alcudia	F	28	82	Faro	S	27	81	Malta	S	35	95	Seoul	F	32	90
Algiers	-	—	—	Florence	-	—	—	Manila	C	33	91	Singapore	F	27	81
Amsterdam	S	18	64	Frankfurt	C	11	83	Miami	S	26	79	Stockholm	S	21	70
Athens	S	30	86	Funchal	S	25	77	Milan	S	29	84	Strasbourg	F	28	68

Readings at mid-day yesterday: C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Nigerian trade deals in trouble

Continued from Page 1

house, are being re-negotiated because the previously agreed 6 per cent effective oil price discount under the deal – expressed as the acceptable differential between Nigeria's official selling price and the depressed price on world markets – has been exceeded.

A $400m oil swap arrangement with Italy's Fiat Group and ENI of Italy, agreed in principle last May, has yet to be signed because of continuing disagreements over price.

Bankers and businessmen in Lagos worry that the delay in implementation of the agreements could prove critical for importers

Greenpeace threat to Hernu

Continued from Page 1

would prefer to protect the DGSE by putting political responsibility on M Hernu or on M Mitterrand's advisers.

M Mitterrand would be loath to lose M Hernu, who is one of his inner circle of advisers and is seen by the Government as a bulwark in the acrimonious debate expected to erupt in the National Assembly in the autumn over cuts in the defence budget.

A forced resignation would also be seen as a further blow to the Socialists' image after recent damaging public rows between the Prime Minister and the head of the party, and over the choice of candidates for the March parliamentary elections.

The initial evidence implicating the DGSE in the sinking of the Rainbow Warrior came through the identification of the French couple now under arrest in New Zealand as French agents. Ms Sophie Furenge who was travelling under a false Swiss passport has been revealed as Ms Dominique Prieur – a captain in the DGSE, while her alleged husband was a commander in a commando group based in Corsica.

Enquiries by the New Zealand police as well as by the French press show that they met up on several occasions with the crew of the Ouvea – the yacht berthed alongside the Rainbow Warrior before it was attacked by magnet mines.

THE LEX COLUMN

Change in coppers for RTZ

It is not every company that objects to a copper-bottomed investment rating, but Rio Tinto-Zinc is one. As an institution of some age and experience of the world, it rather resents watching its share price bob up and down with the vagaries of the sterling price of copper. For RTZ, the adjustment of its share price for every movement in London copper stocks is a piece of jobbers' atavism that exaggerates a metal which, together with associated gold, earned just 2 per cent of RTZ's net attributable income last year, or rather less than its North American steel interests.

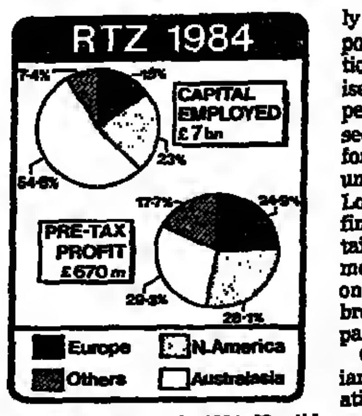
Of course, copper is often made to stand proxy for base metals as a whole, and across-the-board price movements have a substantial effect on RTZ's earnings. Over half of the £7bn in group assets is still tied up in mining and processing, while the investment planned for copper projects from Chile to Portugal do not conjure up a group that sees its future best secured through, say, financial services – or as a random but fast-moving conglomerate.

Stable

The view of RTZ, which is echoed in a thorough recent study by Hoare Govett, is that the City of London has underestimated the support of a more stable earnings base in chemicals and construction materials as well as oil and gas operations. After showing compound growth in earnings of 12 per cent between 1973 and 1980, RTZ survived the worst dip in base metal prices for half a century in the next two years with its dividend intact and still returning 10 per cent on capital employed.

In short: RTZ feels it deserves better than a price/earnings multiple of seven or eight, a South African yield and a discount to net assets no better than an Edinburgh investment trust.

To justify this to any but the metal-price optimist, RTZ will have had to make some very conservative assumptions of cost and price on the next generation of mine projects. Clearly, any business that can derive a return from such a large and low-grade orebody as Bougainville has a notion of cost – but RTZ also tends towards caution in projections of discounted cash-flow. This approach has caused grumbling in the City about missed opportunities in oil or gold prospects; but, at least, all the main copper operations (except the eponymous mines in Spain) were in profit in 1982.



The recession of 1981-82 did prove a blessing in confining the competition for lower-cost prospects to those companies, such as RTZ, who had retained their financial poise. Financing large projects at the inflationary end of the 1970s would have required issues of equity and loan stock even without the weakening of sterling against the Australian and North American currencies; but a pruning of both operating costs and working capital needs – as well as cash from the industrial and energy acquisitions – helped throw up £404m to net liquid funds in 1983. In the past 15 months, and without song and dance, RTZ has spent some £623.5m in acquisitions, from part of Enterprise Oil to aluminium smelters in the southern U.S.

Without doubt, certain RTZ subsidiaries (such as Comalco in Australia) are geared quite highly enough given the prospects for their main commodities. However, although the translation into a weaker Australian dollar will this year inflate CRA's U.S. dollar borrowings, RTZ adds these exchange losses back. Meanwhile the bald fact of net debt/equity ratio of 43 per cent at the last balance-sheet rather ignores the mixture of accident, history and geography which has caused RTZ to finance so much of its cyclical business through minorities. These now correspond to three-quarters of shareholders' equity. Since RTZ's holding in CRA will fall fairly soon under 50 per cent; it is fair to accept a proportional debt component of only just over 30 per cent. And this could surely be no hindrance to further issues of finely priced loan stock.

There are further advantages to spreading the equity risk in businesses other than U.S. borax or U.K. cement. The world is vastly more complex politically and technically than in RTZ's youth; and even in such countries as Australia, where RTZ's name is not necessarily a synonym for mud, there are powerful pressures for naturalisation. Meanwhile, a compartmentalised approach would severely hamper CRA from its present policy of seeking markets overseas whether for iron ore in West Germany or aluminium in the U.S. In stripping its London office down to strategic and financial functions RTZ hopes to retain the speed and dash of the cement acquisitions of last year's raid on Enterprise, while keeping a broad say in the direction of the partly owned businesses.

Of the 100 per cent-owned subsidiaries, the borax and chemical operations will remain the mainstay of earnings for the immediate future. Margins have improved much more sharply here, than in the other main commodities RTZ deals in – though earnings may be eroded on translation from a weaker U.S. dollar this year. However RTZ is a group more than usually exposed to currency swings and roundabouts and this year should at least see a weaker Australian dollar boost CRA earnings. These are the most highly geared in the group to metal prices and have been further depressed by CRA's practice of inflation accounting, which increases depreciation charged against profit as well as making the return on capital employed seem more than usually poor.

Energy

However, it is RTZ's energy side that is likely to provide the most interest in the next few years. The attempt to grab half of Enterprise Oil was more than a device to build up UK equity earnings for fear of unrelieved ACT. RTZ's earnings from energy (including coal and uranium) now make up nearly a fifth of attributable profit; and RTZ is clearly eyeing the North Sea as yet another potential predator to rank with Britoil or British Gas.

Enterprise's attempt to seek the agreement of Saxon Oil to takeover may not even be an irritant to RTZ. Even the combined group may not amount to all that much in terms of RTZ's oil and gas interests by the time the Government's golden share in Enterprise expires; equally RTZ has not exactly advertised that it is committed to 100 per cent ownership in extraction industries. Far more important is that RTZ's industrial and energy legs should be generating surplus cash to cover the very high costs of nursing mining prospects to the point of development. And this seems more than likely.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Monday August 19 1985

Consafe oil rig payment guarantee withdrawn

By Kevin Done in Stockholm

FKN, the Swedish state ship financing institute, has refused to guarantee the latest payment due on an oil drilling rig under construction for Consafe, the financially troubled Swedish offshore services group.

The move further deepens the crisis facing the world's leading operator of offshore accommodation and service platforms, which has been struggling since early July to stave off financial collapse.

The Swedish state has guaranteed about 80 per cent or SKr 2.3bo ($267.4m) of Consafe's long-term debt and the state agency, the Ship Credit Office (FKN), has decided that it is unwilling to risk any further exposure by withdrawing a guarantee on the drilling rig now under construction by Götaverken Arendal, a state owned shipyard in Gothenburg.

In early July, Consafe announced that it was facing losses of SKr 300m to SKr 400m and that it was seeking urgent talks with its main creditors in the hope of securing some form of financial reconstruction that would avoid the looming threat of bankruptcy.

The state, ultimately Consafe's biggest creditor, has refused to take part in direct negotiations and has insisted that all rescue talks should be held with Swedyard, the state-owned shipbuilding group, which has built the biggest part of the Consafe fleet of offshore service platforms.

The board of Swedyard is due to meet today to consider the latest reconstruction plan put forward by Consafe about three weeks ago. The Government has already made clear that it is unwilling to pump new capital into the company.

Consafe, which is piling up massive operating losses every day because a substantial part of its fleet has been laid up for long periods, has succeeded in recent days in winning contracts for two of its smaller units,

INTERNATIONAL BONDS

Enthusiasm for perpetuals brings market back to life

FLOATERS were the favourite flavour in the Eurobond markets last week. The market, which had been deathly quiet for some time, sprang to life again to the benefit of borrowers ready with deals, writes Maggie Urry in London.

Interest in perpetuals has been mounting and Midland Bank took advantage of the open window to launch another $500m of bonds which rank as primary capital. To some dealers' disappointment Samuel Montagu, the lead manager, announced on Friday that the deal would not be increased.

Standard Chartered had earlier demonstrated that investors are not too concerned by the slightly lower credit ranking of perpetuals which qualify as primary capital. An Aladdin-type offering of new bonds for old – an exchange of qualifying notes for an older issue of non-qualifying bonds – was quickly snapped up by noteholders who were offered a 70 basis point fee for accepting. By the weekend it was estimated that three-quarters of the noteholders had agreed to the exchange.

This enthusiasm for floaters, which also gave a good receptioo to the Bank of Boston issue, led on Friday to an unusual issue – a floater from a corporate borrower.

In general, floaters are issued by sovereign, supra-national and bank borrowers to suit the requirements of the investors. These are mainly banks or institutions wanting to lend to high-quality credits.

But the returns from floaters have been diminishing as investor demand has allowed borrowers to obtain funds more and more cheaply. Some investors have a small corner of their portfolios ready to buy higher yielding floaters from slightly less good names.

Chrysler Financial offered just that. The issue, of $75m with another $50m available on tap, will probably be slow to move as buyers must first assess the new-to-them credit risk. Chrysler's debt is BBB rated and this may prove too low for Japanese bank investors who form the largest single group of floater buyers. Chrysler has made floating rate issues in the U.S. domestic market.

But against the lower credit rating, the interest margin of ¾ per cent above London interbank offered rate (Libor) plus front-end fees of 1.40 per cent are much more generous than could be bought elsewhere. FRN traders felt that the pricing was right and expected that once investors had decided whether to take the credit risk, the issue would trade up. It was trading within its full fees on Friday though outside the 90 basis point selling concession.

The paper is non-callable so investors who buy it can be sure that they will get the higher interest rate for the full seven-year life. Most floaters can be called after as little as one year, meaning that issuers are able to refinance borrowings if the interest margin looks too high because margins have narrowed in the market.

To Chrysler Financial, the deal gives cheaper funds than could be obtained from bank credit lines and the bonds are junior subordinated debt, normally a credit ranking not available from banks.

The fixed-rate Eurodollar market has had a less active week but is still showing small gains over the period. The tone of the market is reasonably positive, despite the sharp rise in U.S. money supply announced on Thursday.

Campbell Soup's issue was a clear winner appealing to Swiss investors both for its name and its AAA rating. It was agreed by all to be well-priced and the bonds ended the week trading around par.

Institutional buyers are still taking little interest in the Australian and New Zealand dollar sectors of the Eurobond market. These are very much retail markets leaning heavily on buyers in West Germany, Austria and the Benelux countries.

Two West German and one Austrian bank came to the Australian dollar sector last week. All have names well-known to investors and have branch networks through which bonds can be distributed. This process is usually slow to start but by the weekend, all three issues were trading within their fees, with DG Bank's deal within its selling concession.

Amro International had a similar job on its hands with the deal in New Zealand dollars for De Nationale Investeringsbank. The management group was heavily weighted with Benelux based banks and the bonds were moving through the network by the end of the week.

The Euroyen bond market saw an unprecedented volume of new issues last week with Y190bn raised through dual-currency issues and one zero coupon deal. They are all swap-related and the buyers of the dual currency bonds are still something of a mystery.

Non-Japanese banks say that only the four major securities houses can place the volume of paper, and can only do so by selling the bonds to Japanese investors despite a Ministry of Finance rule that Euroyen bonds cannot be sold into Japan until 180 days after they are issued. There are some rumours that the ministry is considering clamping down on sales into Japan before the time limit is up.

Trading levels on the issues seem artificial, say outsiders. And in some syndicates, particularly Nomura's, co-managers are only required to take bonds they can actually place so that little dumping of bonds through the market has been seen.

The withdrawal of Quadrex Securities' issue of stripped UK government bonds, stags, was not unexpected when it was announced on Friday. Traders previously had doubts that the issues of zero coupon bonds based on the coupon and redemption payments from £100m worth of Treasury 15½ per cent 1998 could be sold successfully. The short-dated issues compared well with money market instruments and demand was seen.

Also the £100m "corpus" found some interest. But the other coupon-based bonds were unattractive to UK investors for tax reasons and likely to be illiquid in the secondary market. However, lessons have been learned from the failure and more issues could appear.

The cuts in West German and other continental interest rates have given a boost to the D-Mark bond market. Prices gained ½ point on average. A DM 150m for Österreichische Kontrollbank met good demand and ended the week trading close to its 100¼ issue price, while the earlier EIB issue with the same coupon and maturity, but issued at 99, traded around par.

European currency unit Eurobonds were also benefiting from the interest rate falls and secondary market prices added ¼ to ½ point last week. On Friday some syndicate managers were reporting good demand for new issues although with the holiday season still keeping the market quiet bankers had mixed feelings about bringing more deals.

Even the Swiss franc foreign bond market improved by around ¼ point last week and turnover is picking up as traders hope that interest rate falls will spread to Switzerland. The weaker dollar has also helped. A lack of straight public issues should ensure success for Tokyo Electric Power's issue indicated with a 5⅜ per cent yield. Consolidated Press's SwFr 200m 6¼ per cent issue picked up a ½ point on Friday to 100¼, just below the 100½ issue price.

EUROMARKET TURNOVER
Turnover ($m)

Primary Market	Straights	Conv	FRN	Other
U.S.$	2,052.4	98.2	1,845.2	111.0
Prev	909.8	117.9	1,622.7	74.5
Other	1,283.6	9.5	234.6	48.1
Prev	1,343.1	90.7	4.7	62.3
Secondary Market				
U.S.$	14,887.1	722.1	12,610.6	1,841.4
Prev	14,796.3	957.5	9,146.8	1,471.7
Other	4,078.4	100.3	572.2	1,580.8
Prev	4,120.7	120.9	693.5	1,454.7

	Cedel	Euroclear	Total
U.S.$	11,235.1	23,440.8	34,675.9
Prev	9,028.9	20,063.3	29,092.2
Other	4,156.8	3,810.8	7,967.6
Prev	4,303.5	3,596.1	7,899.6

Week to August 15 1985 Source AIBD

UK building society's tight terms leave the bankers gasping

BRITAIN'S building societies are the hottest new customers for Eurobankers. Not only are they raising a string of sterling loan facilities on fine terms, but from October onwards, they will be able to issue Eurobonds for the first time, writes Alexander Nicoll in London.

Friday saw the launch of two deals, bringing to at least seven the number of societies so far to have ventured into the medium-term capital markets. Meanwhile, the Bradford and Bingley stole the show on Thursday with terms so tight that they left many bankers gasping.

Midshires, eighteenth in the building society charts with £800m in assets, is tha smallest to have attempted a syndicated loan and terms on its £50m transferable facility are the most generous to lenders so far. Arranged by S. G. Warburg, the seven-year facility (with a 5½ year average life) is at 20 basis points over London interbank offered rates (Libor), with a 7½ point fee for participations of £1m to £2.5m and 12½ points for £3m to £5m.

Anglia, the seventh largest, has mandated Mitsui Bank to arrange a £25m loan. Terms are believed to be six years and 18¾ basis points over Libor, a spread which has come to be fairly standard as it has appeared on deals for Alliance (£75m), Leeds Permanent (£275m) and Leicester (£25m). Halifax (£100m), the largest society, obtained 15⅝ basis points, while Bradford and Bingley, the eighth largest, obtained 12½ basis points on its £50m loan which was admittedly for a shorter maturity of three years. Clearly, differing front-end fees may distort the picture somewhat. (Abbey National has also issued floating rate CDs totalling £85m).

Spreads on most of these facilities are actually tighter for lenders than they appear. Because of their high credit rating, societies have been able to persuade tha banks to bear the reserve asset costs incurred by making and funding a loan in sterling. Banks must keep 0.5 per cent of their eligible liabilities with the Bank of England, and their resulting costs will vary depending oo management of the reserve position, fluctuations in market rates, and the imposition from time to time of any other special deposit requirements.

Reserve asset costs are currently reckoned to be about 6 basis points, meaning that the spread to the lenders on most facilities is effectively cut by this amount. Banks lending to Bradford and Bingley are believed to be absorbing the costs up to a maximum of 10 basis points. By contrast, those lending to Alliance are understood to expect the borrower to bear the costs up to a maximum of 12½ basis points – a level that reserve asset costs would be unlikely to reach under normal circumstances.

Wholesale fund-raising was opened to building societies in 1983, when they were allowed to pay interest gross on certificates of deposit and time deposits. Issues of these as well as syndicated loans and negotiable bonds totalled £9.3bn in 1984 and £8.2bn in the first seven months of this year, but the societies naturally want to match their borrowing more closely with the average life of mortgages.

Interest on Eurobonds will be payable gross from April 6, 1986 so building societies are queuing up to issue them from October, though detailed legislation has yet to be published. Wholesale funds may not rise above 5 per cent of assets except by permission of the Registrar, but the ceiling is expected to be increased to 20 per cent.

Unlike their U.S. savings and loan counterparts, UK societies do not offer fixed-rate mortgages. They have an exceptionally low bad debt ratio, which makes them top credits in tapping the new markets. From 1987, however their status could become more cloudy as they will be allowed to enter higher-risk areas such as unsecured lending.

Elsewhere, Korea's Export-Import Bank has mandated 10 banks for a $300m 8-year loan at ⅜ over Libor for the first six years and ½ for the remainder. BA Asia is book-runner and Sumitomo Finance is agent. The IMF formally authorised disbursements of an SDR 820m loan to Chile after commitments to a $1.1bn commercial bank loan reached the "critical mass" of 90 per cent.

INTERNATIONAL CAPITAL MARKETS

U.S. MONEY AND CREDIT

New York roller coaster picks up speed

THE U.S. credit markets' roller coaster picked up speed last week as pessimistic news about the economy was followed by evidence of a fresh surgo in the money supply figures, giving plenty of thrills and spills for those investors who had not fled an unbearably hot and humid Wall Street.

Bond prices fell for the first two days of the week, rebounded sharply on Wednesday before plunging the following day on the release of a much larger than expected \$5.3bn rise in M1. However, on Friday investor sentiment switched yet again and prices of long-term government paper leapt by 1¼ points.

The end-week jump in prices was a result of several factors. News of a 2.4 per cent drop in July housing starts, following reports of sluggish retail sales and industrial production figures a few days before, was taken as confirmation that the economy is performing much more weakly than the authorities care to admit, and this means that they can ill afford a rise in interest rates.

This bearish economic talk coincided with reports that a big Maryland savings bank might soon default on \$1bn of mortgage-backed securities. Coming only days after the farm credit banks reported sharply higher non-performing loans—increasing speculation that the Federal Government might have to come to their rescue before long—the news from Maryland refocused investor attention on the strains within the U.S. financial sector.

There was talk of some flight to quality. Short-term Treasury bill rates fell by 15 basis points on Friday while bank certificate of deposit rates firmed. By the end of the week three-month Treasury bill yields had slipped to 7.12 per cent and could easily drop below the 7 per cent mark if only the Fed funds rate would ease. Long-term government bond yields have also slipped, from the 10.75 per cent range of a fortnight ago to around 10.5 per cent.

While the bond market ended the week in an upbeat mood, it is still extremely vulnerable to sharp switches in investor sentiment and will be watching closely for clues to the outcome of tomorrow's meeting of the Federal Open Market Committee (FOMC), which sets monetary policy.

On the eve of last month's FOMC meeting the credit markets had been betting that the Fed would ease its monetary grip. Salomon Brothers, Dr Henry Kaufman had argued then that the committee would probably vote to adopt a "more accommodative posture" and the first step would probably be to move aggressively to keep the Fed funds rate in the 7 to 7½ per cent range.

However, these hopes were dashed after Mr Paul Volcker, the Federal Reserve chairman, made it clear in early July that he was not keen to see interest rates any lower. Since then the Fed funds rate has been trading above the 8 per cent mark more often than not, short-term interest rates have been backed up by close to 40 basis points and long-term bond yields have risen by ½ point.

This time round Dr Kaufman is being more cautious about the FOMC's deliberations. The credit markets are well aware of the dilemma facing the Fed officials. Since the last FOMC meeting the signals coming out of the economy have been getting weaker and weaker which throws into serious question the scale of the second half rebound which the Administration has been confidently forecasting.

At the same time Congress has gone off on holiday without making any substantial cuts in the budget deficit, money supply growth is soaring and the dollar has fallen sharply on the foreign exchange markets. Whether interest rates should be heading higher or lower is a finely balanced question.

Dr Kaufman believes the Fed officials will resolve the dilemma by "maintaining the current reserve posture" but says that an eventual move "towards somewhat greater accommodation may follow if the next batch of monthly economic statistics confirm that the economy remains in a very slow-growth phase."

Mr David Jones of Aubrey G. Lanston is of a similar opinion and says that the most likely outcome of the FOMC meeting will be a decision to "maintain unchanged pressures on bank reserve positions and interest rates." He says that there is scant evidence that the recent explosion in money supply growth, which began in May, "will lead to runaway spending or renewed inflationary pressures."

Among the economic data to be released this week, the revised gross national product (GNP) figures — due tomorrow —will have an important bearing on the mood of the credit markets. Most analysts expect that preliminary second quarter growth of 1.7 per cent will be revised down to between 1 and 1½ per cent.

William Hall

U.S. MONEY MARKET RATES (%)

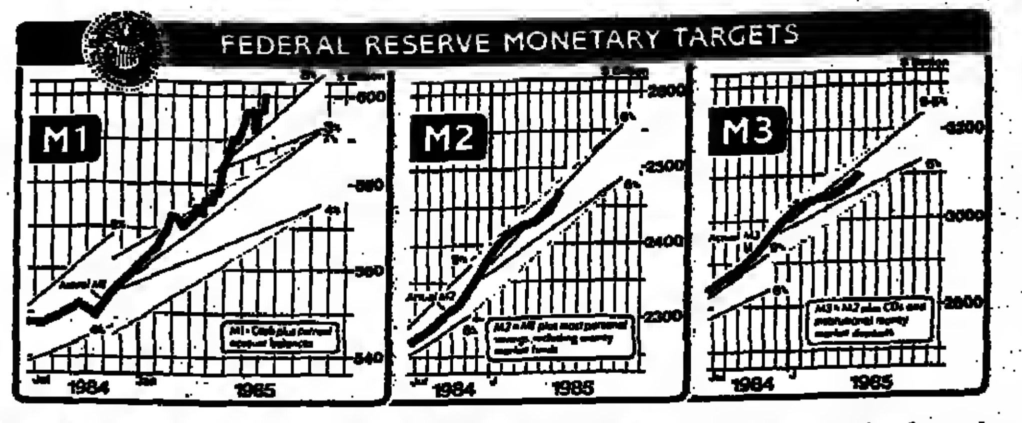
	Last Friday	1 week ago	4 wks ago	12-month High	12-month Low
Fed Funds (weekly average)	8.13	7.73	7.89	11.70	7.10
Three-month Treasury bills	7.11	7.18	7.16	10.77	0.67
Six-month Treasury bills	7.30	7.38	7.27	10.83	6.81
Three-month prime CDs	7.85	7.75	7.76	11.68	7.33
30-day Commercial Paper	7.80	7.70	7.63	11.38	6.95
90-day Commercial Paper	7.70	7.70	7.63	11.25	7.00

U.S. BOND PRICES AND YIELDS (%)

	Last Friday	Change on week	Yield	1 week ago	4 wks ago
Seven-year Treasury	101⅛	+ ⅛	10.14	10.23	10.16
20-year Treasury	100⅛	+ ½	10.70	10.78	10.71
30-year Treasury	100⅞	+ 3/32	10.52	10.61	(new)
New 10-year "A" Financial	n/a	+ 1	10.95	11.12	11.12
New "AA" Long utility	n/a	+ ⅛	11.55	11.63	11.63
New "AA" Long industrial	n/a	+ ⅞	11.45	11.60	11.60

Source: Salomon Bros (estimates).

Money Supply: In the week ended August 0 M1 rose by \$5.3bn to \$601.9bn.



UK GILTS

Mixed views on the yield curve adjustment

IF THE overall stance of the Bank of England's funding strategy has been perplexing, the £800m tap stock issued last week provided further confirmation of its change in tactics to concentrate sales in longer maturities.

The announcement of the tender sale of 9¾ per cent Treasury stock 2002 accelerated the recent institutional switching from long to medium-dated stocks.

On Tuesday, for example, when renewed optimism over the interest rate outlook contributed to gains of up to ½ point for early 1990s stocks, next-century issues were showing losses of about the same amount. Over the week mediums were on average ¾ point higher, while gains for long-dated stocks were limited to around ¾ point.

The result was that by the time the tender offer closed on Thursday, the tap stock was priced above the market, and brokers estimated that only about £100m to £150m was sold.

The Bank's decision to offer a stock in a maturity range already overcrowded with issues — the £200m tranche of Exchequer 9¾ per cent 1998 was exhausted only on Monday —quashed any remaining illusions about it leaving open that section of the market for corporate borrowers.

Where opinion is more divided is over whether the adjustment in the yield curve seen over the past few weeks is now complete.

Mr Stephen Lewis, broker Phillips & Drew's monetary economist, was arguing last week that there was still scope for medium-dated issues to outperform those with longer maturities.

His thesis was that the mediums would benefit more from the expected downward trend in short-term interest rates over coming months, while next-century issues would continue to be held back by funding in those maturities.

The authorities, he added, had concluded that there was no hope of long-dated yields falling to single figures so long as short and medium-dated returns remained under 10 per cent.

That view, however, was not universally shared. Economists such as Mr Richard Jeffrey at Hoare Govett argued that, if and when the gilt-edged market begins to react strongly to falling interest rates and lower inflation, investors will seek to benefit from the greater volatility of longer issues.

The implications of last week's issue for the overall stance of funding are also subject to different interpretations. The fact that the issue was partly-paid seemed to suggest that, although net gilt-sales to the non-bank sector were negligible in both banking June and July, the Bank remained relaxed about the pace of funding.

Gross sales in the banking month which ends on Wednesday have been relatively high, but a significant proportion may have been mopped up by buying in of the 8¾ per cent Treasury 1985 due for redemption early next month.

There are probably a number of different strands to the authorities' tactics. The call on British Telecom, and sales of British Aerospace and Britoil shares have clearly put some constraints on gilt-edged funding.

And although it is far too early to forecast that the Government will meet its £7.2bn target for the 1985-86 public sector borrowing requirement, the signs seem to be pointing in that direction.

It is also too difficult to judge whether the Public Sector Borrowing Requirement has in fact been under- or over-funded in the fiscal year so far. On a seasonally adjusted basis the borrowing requirement has probably been overfunded by around £1bn. On an unadjusted basis it is underfunded.

Those caveats apart, however, it is hard to escape the conclusion that the Treasury's decision to put sterling M3 on the back burner has, for the moment at least, been translated into a decision by the Bank to adopt a lower profile on funding.

How long that may last is another question.

Philip Stephens

FT/AIBD INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Price	Chg. on week	Yield
AHFC O/S Fin 11¾ 94	100	106	+0⅛	10.97
AIDC 11 88	75	102½	+0⅛	10.06
AIDC 11¾ 90	100	101¾	0	11.46
Amer Savings 12 88	125	102¾	0	10.98
Amer Savings 12¾ 89	100	102¾	+0⅛	11.44
Asian Dev Bk 11¾ 93	100	105⅝	+0⅛	10.76
Australia 11¾ 90	100	104⅞	+0⅛	10.97
Australia 11¾ 98	300	104⅝	+0⅛	10.72
Australia 11¾ 98	100	104⅞	+0⅛	10.90
Austria 15⅞ 88	75	111¾	−0⅛	9.98
Avco Fin 13¾ 91	100	107⅞	+0⅛	11.56
Bk Nova Scotia 13⅞ 87	100	106⅞	+0⅛	10.97
Bank of Tokyo 12⅞ 92	100	105⅞	+0⅛	11.10
Bank of Tokyo 13⅞ 91	100	112⅞	+0⅞	10.83
Bank of Tokyo 13⅞ 89	100	110⅞	+0½	10.48
Bergen Bank 11½ 90	75	101	0	11.17
BP Capital 11¾ 92	150	101¾	+0⅛	10.70
Br Col Hydro 11¾ 93	200	104⅞	+0⅛	10.81
Br Col Hydro 12⅞ 14	200	108	+0⅛	11.97
Br Col Hydro 12½ 13	250	107¾	0	11.90
Britoil Fin 11⅞ 90	125	103⅞	+0⅛	11.03
Caisse Nat En 11¾ 95	125	104⅞	+0⅛	10.90
Canada 10⅞ 88	500	103⅞	+0⅛	9.62
Casio Computer 5⅞ 89	00	123¾	+8½	−0.54
CBS Inc 11¾ 92	100	102⅞	+0⅛	10.79
Centrust S & L 10	1bn	8½	−0⅛	17.20
Chesebrough 12 93	100	102	0	11.55
Chrysler Fin 13⅞ 89	150	106⅞	+0⅛	11.98
Citicorp O/O 10⅞ 90	100	100⅞	+0½	10.28
Citicorp 0/S 11¾ 90	100	103⅞	0	10.78
Citicorp 11⅞ 92	100	103⅞	+0⅛	10.85
Citicorp 11¾ 97	200	101	+0⅛	11.56
Citicorp D/S 14 94	100	102⅞	0	13.37
CNCA 11¾ 92	125	102⅞	+1¾	10.71
CNCA 13⅞ 91	100	110⅞	+0⅛	10.73
Coastled Int 12⅞ 88	125	103½	0	10.68
Coca-Cola 11¾ 88	100	104⅛	+0⅛	9.58
Comp Bancaire 13⅞ 90	75	100	0	11.31
Comsat 12⅞ 91	100	104⅞	0	11.17
Creditanstalt 13⅞ 91	100	108⅞	+0⅛	11.06
Dai-Ichi Kangyo 12⅞ 90	100	108⅞	+0⅛	10.56
Denmark 10⅞ 90	100	99⅞	0	10.94
Denmark 11¾ 92	100	102⅞	+1	10.84
Denmark 12⅞ 82	250	101¾	+0⅛	12.46
Denmark 13 92	100	101¾	+0⅛	12.68
Denmark 13⅞ 91	100	110⅞	+0⅛	10.83
Denmark 13⅞ 88	100	108⅞	−0⅛	10.28
Denmark 14 91	100	108⅞	+0½	11.89
Digital Equip 11¾ 89	150	104⅞	+0⅛	10.23
Dutch St Mines 11¾ 91	150	102⅞	+0⅛	10.78
Eksportfinans 11¾ 92	100	102⅞	+0⅛	10.73
Quebec Prov 12⅞ 94	150	106½	+5½	10.82
Queensland Gvt 11½ 89	100	102⅞	+1¼	10.48
RBC 12⅞ 90	100	102	0	12.09
Rural Bk Aust 12 91	50	102⅝	+0⅛	11.29
Sanwa Bank 11¾ 92	150	104⅞	+0½	10.76
Saskatchewan 10⅞ 92	100	101	+0⅛	10.50
Saskatchewan 10⅞ 90	125	102	+0⅛	10.15
Saskatchewan 11¾ 89	100	105⅞	+0⅛	10.29
Saskatchewan 15 92	150	119⅞	+0⅛	10.95
Saskatchewan 18 89	125	115⅞	+0⅛	10.89
Scot Int Fin 14⅞ 96	50	111	+0⅛	12.34
Sears O/S Fin 99	500	24⅞	+0⅛	11.56
Sears Roebuck 10⅞ 91	150	100⅞	+0⅛	10.41
Sears Roebuck 11¾ 91	150	104⅞	+0⅛	10.44
Sec Pacific 12 92	100	105	+0½	10.96
Shearson/Amex 12⅞ 94	100	104½	0	11.25
Shell (Canada) 14⅞ 92	125	111¾	+0⅛	11.73
Signal Comps 11¾ 92	125	103⅞	+0⅛	10.96
Standard Oil 10⅞ 89	150	100⅞	+0⅛	10.18
Statoil 12 88	100	105⅞	−0⅛	9.67
Sumitomo Corp 10⅞ 92	100	99½	0	10.71
Sumitomo Fin 11¾ 92	150	104½	+0⅞	10.73
Sumitomo Fin 12⅞ 91	150	108⅞	+0⅛	10.88
Sumitomo Trust 12½ 92	100	106⅞	+0⅛	11.09
Sweden 11¾ 89	200	103⅞	+0⅛	10.34
Sweden 12⅞ 89	200	105⅞	0	10.34
Swedish Export 10⅞ 88	100	101¾	+0⅛	10.41
Swedish Export 11¾ 89	100	103⅞	0	10.32
Swedish Export 12⅞ 89	100	104⅞	0	11.18
Taiyo Kobe 11⅞ 90	100	103⅞	0	10.82
Taiyo Kobe 12 90	100	104⅞	+0⅛	10.78
Tenneco Intl 11¾ 89	150	103⅞	+0⅞	10.27
Texaco Capital 10⅞ 90	200	100½	0	10.36
Texaco Capital 10⅞ 93	200	101¾	−0⅛	10.26
Texaco Capital 13½ 89	200	108⅞	−0⅛	10.63
Texas Instru 11¾ 91	150	104	0	10.55
Tokai Asia 12⅞ 91	100	105⅞	+0⅛	10.75
Tokyo Electric 8½ 89	70	95⅞	+2¾	8.05
Tokyo Electric 13⅞ 89	100	107⅞	+0⅛	10.89
Toray Inds 11¾ 92	50	100⅞	0	11.00
Toronto-Dom 12⅞ 89	50	105½	+0⅛	10.70
UBS 12⅞ 91	100	104¾	−0⅛	11.10
Utd Tech 11¾ 92	150	102⅞	+1	10.88
Veba 9 93	70	143	+9½	2.27
West LB 11⅞ 90	100	103⅞	+1⅛	10.91
Westpac 12⅞ 92	41	104⅞	+0⅛	11.80
Weyerhaeuser 11½ 90	80	101¾	0	10.98
World Bank 11 92	300	101¾	+0⅛	10.58
World Bank 11¾ 90	200	103½	+0⅛	10.32
World Bank 11¾ 89	200	103⅞	+0⅛	9.99
World Bank 12 90	200	106⅞	+0⅛	10.72
World Bank 12⅞ 94	150	107½	+0⅛	10.90
World Bank 12⅞ 94	200	110⅞	+0½	10.94
Yasuda Trust 12⅞ 89	100	106	+0⅛	10.80

FLOATING RATE NOTES — Issued, Price, Chg. on week, C.cpn

CONVERTIBLE BONDS				
Fujitsu 3 99	180	90½	−0⅛	8.43
Intec Inc 3 99	00	60	−5	−5.14
Kumagai Gumi 3½ 00	60	150½	+7	1.82
LASMO 9⅞ 99	45	94½	0	15.60
Moet-Hennessy 7 99	50	107½	−0⅛	2.75

Murata Mfg 3½ 00	100	84⅞	−1¼	11.14
Nipon Oil 3¾ 88	50	102	−0⅛	23.22
Ono Pharm 3¾ 98	90	98	+0	−3.78
Soc Gen Surv 4½ 94	51	110	−1	117.22
Sumitomo Corp 2⅞ 99	70	119½	−0⅞	1.88
Texaco Capital 11¾ 94	1bn	104⅞	−0⅞	46.80
Texaco Capital 11¾ 94	500	104½	−0⅛	46.15

YEN STRAIGHTS — Issued, Price, Chg. on week, Yield

LUXFR STRAIGHTS

GUILDER STRAIGHTS

CANADIAN DOLLAR STRAIGHTS

ECU STRAIGHTS

AUSTRALIAN DOLLAR STRAIGHTS

STERLING STRAIGHTS

EQUITY WARRANTS — Expiry date, Price, Chg. on week, Prem.

BOND WARRANTS	Expiry date	Price	Chg. on week	Ex yld
Inv In Ind 10½ 91	1/12/88	88	0	10.09
McDnlds F 11¾ 94	5/1/89	40	+3¼	10.38
Oester Lnbk 13½ 89	0/8/87	75⅝	+1⅛	11.05
Texaco Cap 12⅞ 92	1/9/87	64⅝	+0⅛	11.49
Trnto Dom 12⅞ 91	5/2/88	51½	+1⅛	11.28

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued is expressed in millions of currency units except for yen bonds, where it is in billions.

FLOATING RATE NOTES: U.S. dollars unless indicated. Margin above six-month offered rate († three-month; § above mean rate) for U.S. dollars. C.cpn=current coupon.

CONVERTIBLE BONDS: U.S. dollars unless indicated. Prem=percentage premium of the current effective price of buying shares via the bond over the most recent share price.

WARRANTS: Equity warrant prem=exercise premium over current share price. Bond warrant ex yld=exercise yield at current warrant price.

† Perpetual.

Closing prices on August 16.

هكذا من الأصل

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

CORPORATE FINANCE

French cosmetic touch on currency options

THE French Finance Ministry is giving corporate treasurers a new way of managing foreign exchange risk through the use of currency options. Its decision, which follows some discreet authorisations given to a few large Frencb companies to experiment in options over the past few months, relaxes one of the more outmoded features of the country's exchange controls.

The Ministry hopes the move will give importers and exporters more flexibllity and will also bring 1o Paris a small part of the options trading now carried out overwhelmingly in London and the U.S.

In fact, the measure — which foreign exchange dealers and corporate treasurers are dismissing as largely cosmetic — risks focusing fresh attention on the continuing burdens on companies caused by foreign exchange controls. Some bankers belleve that, even if more French company treasurers discover a taste for options trading, deals will be carried out increasingly in Chicago, Philadelphia or London, as operators will continue to be dissuaded by the relative over-regulation of the Paris marketplace.

The new move makes no difference to the overall ban on companies' access to forward cover for imports. This applies to all but a bandful of large, mainly nationalised concerns as well as some specially anthorised raw material traders (although forward cover for imports denominated in European currency units has recently been permitted as a means of bolstering the Ecu's importance.)

This means thet virtually the only groups which will be permitted 1o use options to assure import cover are those which already have special anthorisation (such as Rhone Poulenc, CdF-Chimie, Usinor, Sacilor and Saint Gobain), or have financial offshoots in France and ehroad, allowing them greater freedom under exchange controls (such as Renault or Thomson). Bankers believe the majority of these companies are already using—or at least exploring—currency options, both on foreign markets as well as over the counter through specialised Paris banks.

The leeway for using options to cover export receivables is greater. The Ministry points out that using options—which enable e corporate treasurer to "take a view" on the future rate of the franc, and then change it if the "view" proves to run against the market—gives exporters greater flexibility in areas like responding to international tenders.

Here again, however, foreign exchange control severely limits treasurers' capacity to take out months before the export cover to guard against a depreciation of the franc. Foreign exchange receivables heve to be converted into francs 14 days after export-bound goods leave the factory—which for many export deals adds np to several months before the export customer actually pays for the deal.

"It's very simple," said one foreign exchange dealer at a major nationalised bank. "People are allowed to do anything as long as they don't sell francs." Another senior dealer said development of an options market in Paris would be impossible as long as operators were forbidden to bedge bets against the franc in both directions, the condition for a two-way market.

"It doesn't add up to any innovation at all in terms of foreign exchange control," the dealer said. "Companies will be getting only very little added value."

Economists bave been pointing ont for e number of years that strict controls preventing most companies from taking out cover on imports have pushed importers into trying to denominate deals in francs rather than foreign currency. The francs which change hands when the deal is settled then end up with the foreign exporting company—leading to a build-up of Euro-French franc boldings which can be a serious potential threat to the exchange rate at times of currency unrest.

Both M Pierre Beregovoy, the Finance Minister, and M Michel Camdessus, the Governor of the Bank of France, pay lip service to the idea of ending controls. The negative effect of excbange controls was also spelled out last week by the Organisation for Economic Co-operation and Development in its annual report on the French economy.

But, at least ahead of general elections next March, the Government is likely to remain extremely cautious about any moves to edd to this year's relatively minor relaxation measures. As e result, most mainstream French corporete treasurers will continue to have a great deal less leeway 1o manage the effects of exchange rate fluctuations than their opposite numbers in the UK or West Germany.

David Marsh

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book Runner	Offer yield %
U.S. DOLLARS							
Pegasus Gold ‖	25–35	1992	7	8½	100	Bqe Gutzwiller, K.B.	*
Pegasus Gold (a)§	10	1992	7	0	100	Bqe Gutzwiller, K.B.	*
Nippon Suisan Kaisha §‡	30	1995	10	3¼	100	Nomura Int.	3.250
Rockefeller Center §(c)(d)	335	2000	15¼	8	100	Goldman Sachs	*
Rockefeller Center §(d)	730	2000	15¼	0	22.58	Goldman Sachs	*
Campbell Soup ‡	100	1995	10	10½	100	CSFB	10.500
Chujitsuya ‡	45	1992	7	10¼	100¼	Nomura Int.	10.198
Standard Chartered †‡(f)	300	—	—	⅛	100	CSFB	—
Chubu Electric Power ‡	100	1995	10	10½	100	Nomura Int.	10.500
Bank of Boston ϕ†‡	200	2000	15	⅛	100	CSFB	—
Midland Bank †‡(e)	500	—	—	⅛	100	Samuel Montagu	—
Chrysler Fin. Corp †‡(g)	70	1992	7	¾	100	Morgan Guaranty	—
AUSTRALIAN DOLLARS							
DG Bank ‡	60	1990	5	12⅞	100⅝	Orion Royal Bank	12.680
BfG ‡	45	1990	5	13	100¾	Banque Paribas	12.788
Creditanstalt ‡	50	1990	5	12⅞	100¾	Orion Royal Bank	12.684
NEW ZEALAND DOLLARS							
Nat Investeringsbank ‡	40	1990	5	15	100	AmRo Int.	15.000
D-MARKS							
OKB ‡	150	1997	12	6¾	100¼	Dresdner Bank	6.718
SWISS FRANCS							
Hazama Co. †(b)‡	150	2000	—	⅛	100	Sodlelc	—
Tokyo Electric Power **‡	200	1000	—	5½	100	Credit Suisse	0.500
Sekisui Chemical **§	40	1990	—	(1¾)	*	Credit Suisse	*
Sankyo Electric **¶	50	1990	—	(3⅛)	*	Credit Suisse	*
Century Leasing **‡	10	1990	—	5⅝	100	Dai-Ichi Kangyo Bk	5.750
Tokyo Electric Power	150	1993/5	—	(5⅝)	*	Credit Suisse	*
STERLING							
STAGS	100	1998	13	Cancelled		Quadrex Securities	
YEN							
BP Overzee BV *‡	25bn	1995	10	8	101⅛	Nomura Int.	7.815
Phibro-Salomon *‡	20bn	1995	10	8	100[11/16]	Nomura Int.	7.888
Honeywell *‡	25bn	1995	10	8	101	Daiwa Europe	7.852
Eksportfinans *‡	20bn	1995	10	8	101⅜	Nomura Int.	7.797
Eksportfinans ‡	20bn	1995	10	0	54.5726	Yamaichi Int. (Eur.)	6.243
FNMA *‡	50bn	1995	10	0	101⅜	Nomura Int.	7.797
Hydro-Quebec *‡	25bn	1995	10	8	101½	Yamaichi Int. (Eur.)	7.779
R. J. Reynolds *‡	25bn	1990	5	7¾	101½	Nikko Secs. (Eur.)	7.381

* Not yet priced. ‡ Final terms. ** Private placement. § Convertible. † Floating rate note. ¶ With equity warrants. ‖ Dual-currency. ϕ Mismatch: ½ over 6m Libor. (a) Convertible into gold. (b) ½ over 6m Libor. (c) 8⅝ first 9¼ yrs, then 13⅝. (d) At maturity investors can convert or buy a 7-yr FRN at 100, immediately callable. (e) ¼ over 6m Libor. (f) Exchange offer to holders of its $300m perpetual FRN launched last year. If noteholders agree, the existing issue of notes will be exchanged on 7/11/85. (g) ¾ over 6m Libor, additional $50m tap. Note: Yields are calculated on AIBD basis.

Austria plans Sch 4.5bn domestic bond

By Patrick Blum in Vienna

THE AUSTRIAN Government will next month float a Sch 4.5bn ($232.7m) domestic bond, its largest so far this year, 1o help to finance the budget deficit.

Conditions for the bond have not yet been decided, although it is thought that part of the offer would be made in zero-coupon form similar to a Sch 500m issue by the Government in July. This was the first zero coupon issued on the domestic market. That issue, at par, is to be repaid after eight years at 182 per cent, corresponding to a 7.77 per cent annual yield before tax or 7.47 after deduction of the 5 per cent tax on interest.

According to the Finance Ministry, the issue was well subscribed with greater interest than usual from foreign buyers, especially from West Germany but also from Switzerland and other parts of Europe.

Although part of the new issue is expected to be made in zero coupon form, the bulk of it will be set at normal market rates—currently running at about 8 per cent.

Kloster entry thwarts bidder for Kosmos

BY FAY GJESTER IN OSLO

THE STRUGGLE by Laly, a Norwegian investment company, to secure control of Kosmos, the shipping and industrial group, was thwarled at the weekeod when a powerful third party unexpectedly entered the fray.

Norwegian Carihbean Lines (NCL), a cruise shipping company dominated by the Norwegian Kloster group, announced thet the company, together with allied interests, had ecqnired between 40 and 50 per cent of Kosmos. Mr Knnt Utstein Kloster said his group planned to start taiks with Kosmos management about a link-up between the two. Each company has a market value of well over NKr 2bn ($245.2m).

Mr Wilhelm Blystad, one of the two Norwegian brothers wbo control Laly, said his company had not been able to match Kloster's bid. It had therefore withdrawn from the struggle with a profit, by selling its stake in Kloster. By that stage it had cornered about 10 per cent of Kosmos's 10m shares.

Mr Kloster said: "The tourist business is one of the world's biggest industries, and growing fast. Co-operetion between Kosmos and NCL could creete a unit, in this sector, whicb would be very powerful and competitive internationally."

Kosmos's first reaction 1o the idea was cool. A statement hy the management was sceptical about the wisdom of a merger but added that it could be discussed at the special shareholders' meeting tomorrow.

This meeting was originally called by Kosmos to vote on a proposed NKr 50m share issue, ostensibly intended to "belp finance acquisitions" hnt designed to thwart Laly's bid. If the proposal is tabled tomorrow it will probably be defeated.

The Kloster group sees no need for a new share issue hy Kosmos at this stage, and almost certainly controls enough votes to block the scheme.

Kloster slipped in ahead of Laly, in the takeover hattle, by offering shareholders NKr 1 per share more than the latter'a offer of NKr 236. Nor were there any strings attacbed. Laly's bid was conditional on its securing 50.1 per cent of Kosmos.

U.S. utility in cash crisis

BY OUR NEW YORK STAFF

SHARES IN Middle Soulh Utilities, the fifth biggest electric utilily in the U.S., fell by more than a quarter last week after Securities and Exchange Gommission (SEG) officials warned that there was "a very real possibillty" that the utility may soon be forced into bankruptcy.

The New Orleans-based utility has been unable to win official agreement to allow it to raise its rates, in order to pay for its $3.5bn Grand Gulf nnclear plant which is said to be the biggest nuclear plant in the world. This bas brougbt nearer the prospect of a llquidity crisis.

The SEC's concerns surfaced afler it expressed "serlous reservations" about permitting a unit of Middle South to raise funds through a public offering of securities.

Avesta sells forest side

BY OUR NORDIC CORRESPONDENT IN STOCKHOLM

AVESTA of Sweden, one of the leading makers of stainless steel in Western Europe, bas disposed of its forestry and agricultural land boldings as well as its saw mills in a series of deals totalling SKr 225m ($27.3).

The troubled company is trying to release capital resources through asset sales as part of a restructuring strategy aimed at improving profitability.

The company, a subsidiary of Johnson group, one of Sweden's biggest industrial groups, recently announced plans to lay off a further 7 per cent of its workforce. This came on top of earlier job cuts.

Avesta was formed early last year through a merger of the main producers in the Swedish stainless steel sector. It has failed to live np to its early forecasts for profits in 1984 and 1985

Domtex shuts two plants

BY BERNARD SIMON IN TORONTO

STRONG COMPETITION from lmports has forced Dominion Textile (Domtex), Canada's largest textile producer, to close another two factories employing 850 workers.

The company, which suffered a net loss of C$14.4m (U.S.$10.6m) in the year to June, said that continuing pressure from lmports and high operating costs left lt with no alternative but to reduce manufecturing capecity)n Canada and move production equipment to other plants.

The two factories to be closed are a yarn plant at Valleyfield and a febric facility at St Jean, both in Quebec. Workers at both fectories bave been on strike over a wage dispute since eerly May. Domtex closed enother Quebec plant laal year. The compeny also has substantial interests in the U.S., Europe and Sontb Eest Asia and has expanded its operations in Hong Kong and China during the past year.

The Canadian Government is currently considering proposals by the textile and clothing board to impose global quotas on all types of clothing, following the failure of bilateral agreements with foreign suppliers to stanch a sharp rise in textile and clothing imports.

Bardsey confident despite poor start to the year

THE INDUSTRIAL and financial holding company, Bardsey, saw pre-tax losses increase heavily in the first half from £77,000 to £608,000. Mr L. G. Stopford Sackville, chairman, says however that the period was affected by adverse factors which would not apply in the future.

He adds that if the rights issue and capital reorganisation are approved, the company could move towards the establishment of a solid base for the future.

The adverse factors includes trading losses by subsidiaries which were no longer part of the group and higher than normal costs. The largest lossmaker, Heyman Construction, was sold after the end of the period along with other disposals.

On turnover up at £18.09m, against £17.8m, operating profit for the six months to the end of June 1985, fell to £203,000 (£627,000). The pre-tax figures were struck before depreciation and amortisation and interest payable amounting to £661,000 (£602,000) and exceptional items of £150,000 (£102,000).

With a tax charge of £3,000 (£88,000) and minorities taking £1,000 (£3,000), the loss per 10p share came out at 2p, compared with 1.1p for the comparable period. There were extraordinary items this time of £118,000, but no preference dividends, against £169,000 last time, leaving the retained loss at £730,000 (£336,000).

The chairman says the high level of exceptional land extraordinary costs reflected the closure costs of factories and the associated redundancy payments together with a provision for the loss on the disposal of Heyman. In addition, the planing and implementation of the recovery programme in higher central costs, should not recur.

The proceeds of disposals were not received early enough to make a great impact on interest charegs which this year will include the cost of finance for the new Birmingham factory of Rabone Chesterman.

The core businesses for the future, Rabone Chesterman and RCF Tools traded profitably in the period, RCF having made a considerable recovery from the losses of 1984.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: — Hickson International, Rock, Scottish Eastern Investment Trust.

Finals: — Access Satellite International, Blagden Industries, Impala Platinum, Vibroplant.

FUTURE DATES

Interims:—

AMEC	Aug 28
BAT Industries	Sept 10
Brent Chemicals Intnl.	Sept 16
Bunzl	Sept 4
Edinburg Fund Managers	Aug 27
Federated Housing	Aug 21
Fleming Mercantile Inv. Trust	Aug 20
Garfunkels Restaurants	Aug 22
German Smaller Companies Investment Trust	Nov 5
Peninsular and Steam Navigation	Sept 4
Provident Financial	Sept 3
Robinson (Thomas)	Aug 29
Suter	†Sept 10
Ward Holdings	Aug 28

Finals:—

Consolidated Plantations	Aug 30
Dale Electric International	Aug 22
SelecTV	Aug 21

† Amended.

Saxon denies split in boardroom

"THERE is not a boardroom split, we may not be unanimous in our decisions but talk of a split is exaggerated." This is how Mr John Heaney, managing director of Saxon Oil, describes the company's position having agreed to a merger with Charterhouse Petroleum, only to have Enterprise Oil come on the stage last Monday.

Enterprise's proposals were that it would make a bid of not less than 525p per share, valuing it at £117m if it could get the agreement of Saxon's board. Saxon's shares were trading around 340p on the basis of the merger proposals ahead of Enterprise's surprise intervention.

A board meeting of Saxon resumes today having been adjourned on Friday to "deliberate the weighty issues."

Mr Heaney said yesterday that he had lunch with Mr William Bell, the Enterprise chairman, on Wednesday, August 7, to discuss earlier proposals made by Enterprise. It was then that a firm figure was mentioned by Enterprise if it could get an agreed bid. The Takeover Panel instructed Saxon to make public that figure last Monday.

Mr Heaney agreed last night that he had great sympathy with Saxon shareholders who have been confused by the unconventional approach of Enterprise and said that the intervention of a third party had put the Saxon board under "serious duress." Enterprise has not yet made a formal offer to Saxon shareholders.

"I am the last one to put a bar on Enterprise operating within conventional rights and practices, but so far it has not made a conventional offer. If it feels so keen on us then that is its recourse."

F.T. Share Information

The following securities have been added to the Share Information Service.

Cape Industries 8.4pc Cum Conv Red Pref (Section: Industrials).

Bell's chief keeps silent on talk of another bidder

MR RAYMOND MIQUEL, chairman and managing director of Arthur Bell, the Scottish distillery fighting an unwanted £360m bid from Guinness, refused to comment yesterday on reports over the weekend that his beleaguered group had found a "white knight" in the shape of Rothmans International, the UK tobacco group with South African and U.S. connections.

Mr David Montagu, a City figure and director of Rothmans International, discounted any suggestion that the two companies were in talks. "I have just returned from holiday," he said yesterday evening, "I don't know anything about it and I am sure I would."

Mr Miquel said that he had nothing to say at present about Rothmans or anybody else, but an announcement would be made as soon as the directors had something to report to shareholders. He would not say if an announcement is due today, but with the Guinness offer closing on Friday time is running out for a rival bidder to make an appearance.

He reaffirmed, however, that the board remains united in the face of the Guinness bid apart from Mr Peter Tyrie, the only director to dissociate himself from the rejection of Guinness' offer.

Yet if the Bell camp was tight-lipped on talk of another bidder entering the ring at this late stage the Guinness contingent acted quickly to condemn its possible unnamed foreign rival. A spokesman for Guinness said last night that: "If this is true it is no more than a desperate last ditch delaying ploy which will fail."

Virtually all the Rothmans ordinary shares and 24.9 per cent of its B shares are held by Rothmans Tobacco (Holdings) which is under the effective control of Rupert Foundation. Until 1981 Rembrandt, the South African company headed by Dr Anton Rupert, controlled Rothmans International until it sold a large stake to Philip Morris, the U.S. tobacco group, which now holds 32.1 per cent of Rothmans B shares.

Gibbs Mew profits fall but dividend maintained

LOSSES incurred by a discontinued business helped to push pre-tax profits at Gibbs, Mew down from £561,000 to £289,000 in the year to March 31, 1985. The losses incurred totalled C£651,000 against £606,000, but the pre-tax profit on continued businesses rose from £352,000 to £940,000. Last year's results had the benefit of asset and property disposals amounting to some £315,000, which has not recurred.

The London wholesaling business of Robert Porter incurred the losses of £651,000 and this business was sold on March 6.

Extraordinary items reflect a profit of £102,000 on the disposal of the remaining smaller part of the former London premises of the wine and spirit subsidiary, compared with £230,000 last year.

The final dividend is unchanged at 1.46p for a same-again total of 2.56p net. The company's shares are traded on the Unlisted Securities Market. Stated earnings per 25p share fell from 9.3p to 3.36p.

Group turnover of this Salisbury-based brewer fell from £16.26m to £15.9m. Tax was considerably higher at £102,000 compared with £46,000, and after an extraordinary charge of £30,000 (£230,000 credit) and dividends of £142,000 (same), retained profits were a modest £15,000 against £603,000.

Findhorn says substantial full-term loss is inevitable

FOLLOWING a pre-tax loss at the halfway stage of £314,434 on turnover of £761,699, Findhorn Finance still considers that a substantial loss for the full year is inevitable. The whisky stock financing company is having to sell stocks to service and reduce its debt, but the small surplus on sale is totally inadequate to pay financing and warehousing charges and other costs, the directors say.

They add that the board is keeping the situation under constant review with its bankers and trustee for the unsecured loans stocks.

Since the annual meeting the company has been approached by another Scottish commercial group but no discussions have yet taken place.

Until Tomatin went into liquidation at the beginning of this year Findhorn bought its new whisky stocks, held them until they matured and sold them back. Since then it has been looking for a new partner.

The directors say that the main reason for the trading losses was the price weakness for matured single whiskies, especially malts. They add that they have been unable to ascertain the net realisable value of the stocks which have been valued at the cost on the same basis as at the end of the previous financial year.

Comparative figures for 1984 were not available because of the change in the accounting period and would not be of value because of the company's changed circumstances.

SHARE STAKES

Changes in company share stakes announced over the past week include:

Thorn EMI—On August 2 Sir G. Wilkins, chairman, purchased 5,000 ordinary shares, and on July 15 C. G. Southgate, managing director, purchased 30,000 ordinary shares.

The Albert Fisher Group—N. D. J. Freeman disposed of 23,000 ordinary shares and now holds 127,000 ordinary shares.

Scottish American Investment Company — Kuwait Investment Office is beneficial holder of 2,810,000 ordinary (5.03 per cent).

Meggitt Holdings — H. N. Pakenham McCorkell, a director, disposed of 50,000 ordinary shares at 90p and now holds 420,000 shares (1.28 per cent).

Watshams—Scottish Northern Investment Trust has sold its holding of 1,175,000 ordinary shares, which have been placed with other leading institutional investors by the company's brokers.

Booker sells its health publications

Booker McConnell has sold its health publications interests to the Argus Press Group, a division of BET, for £1.2m. The magazine titles involved are Here's Health, Health Food Trader, Journal of Alternative Medicine, Alternative Medicine Today, Health Express and various other periodic publications.

COMPANY NEWS IN BRIEF

JACKSON EXPLORATION INC. suffered losses of £1.23m (£887,000 profit) for the second quarter taking this oil and gas concern £1.1m into the red for the first six months of 1985. This is compared with profits last time of £108,000. Revenue for the half year amounted to £7.34m (£9.55m). There is no interim dividend.

BLACKWOOD HODGE (Canada) lifted turnover from C$47.56m to C$54.87m (£29m) and doubled taxable profits to $1.05m (£560,000) against $502,000 for the six months ended June 30 1985. Blackwood Hodge of the UK holds 74 per cent of the equity.

HERRBURGER BROOKS, a maker of piano keys, actions and hammers, blames a reduced sales volume, redundancies and short-time working for a reduction in pre-tax profits to £65,000 in the year to May 31 1985 compared with the previous year's £181,000. It lost £23,502 because of the exchange rate. Turnover decreased to £4.78m (£5.1m). Directors are recommending no dividend compared with 1.5p a year ago, partly because of the poor results and partly because the company needs to spend £250,000 on improving efficiency and diversifying into office furniture and upholstered seating.

GREENE, KING and Sons, the brewer, increased its sales volume of beer, wines and spirits in the first quarter in spite of persistent rainfall, the chairman told the annual meeting. He said profits were on target and ahead of last year. It appeared that the company was continuing to increase its market share of beer sales.

INDEPENDENT NEWSPAPERS found trading in Ireland difficult in the six months to June 30 1985 but noteworthy results from overseas helped pre-tax profits rise by 66 per cent to I£2.24m (I£1.35m). Turnover for the Irish-based company increased to I£39.79m (I£37.62m). The interim payment is 5p (4p).

CAPITAL & COUNTIES' convertible loan-stock holders are to be offered 117p cash for each £1 nominal of stock held. The offer is being made by TransAtlantic Insurance Holdings, which recently won control of the company's ordinary equity. The loan-stock offer was calculated on the basis that each £100 nominal is convertible into 52 ordinary shares. The offer will remain open until September 3. TransAtlantic already owns 39.5 per cent of the 8¼ per cent stock.

MEAT TRADE Suppliers' pre-tax profits fell 2 per cent to £285,146 in the year ended March 30 1985 from £291,000. This included operating profits of £125,684 (£130,622) on turnover of £7.99m (£7.75m) and investment income of £159,462 (£10,378). After tax, profits were £201,820 (£209,290), not including extraordinary income of £26,777 (£11,622). Earnings per share were down to 7.9p (7.98p). A final dividend of 3.5p is being recommended, unchanged from a year ago.

FLEMING JAPANESE Investment Trust is recommending a final dividend for the year ended July 1985 of 3.5p (2.5p), making a total of 4p (3p). Net revenue was £1.1m (£758,000) and with tax taking £463,000 (£178,000), earnings per share came out at 4.1p (3.08p).

FOREIGN AND COLONIAL Investment Trust reports that its net asset value per share after taking prior charges at market value, was 84.7p at June 30, 1985, compared with 87.4p six months earlier. The interim dividend is to be increased from 0.4375p to 0.48p. It is the board's intention to pay a final of 0.92p for a total of 1.4p (1.275p). Stated earnings per share were 0.82p (0.61p).

WEEKS ASSOCIATES' subsidiary Rubber & Allied Products (RAP), has acquired management control and a key equity stake in Greenwood, a private company who make armoured flexible fuel and chemical hoses for the petrochemical industry. Under the agreement, RAP has acquired 19 per cent of Greenwood's shares for £17,205 in cash and have immediate management control. Additionally they have an option to buy a further 71 per cent of the Greenwood equity at any time in the next year for £64,291 to be paid in cash and/or shares in Weeks Associates.

TRANSCONTINENTAL SERVICES GROUP announces that the facility to enable holders of its securities to realise their holdings closed on August 15 and that acceptances in respect of 3.04m shares, 68,891 warrants and $14,143 nominal of loan notes have been received. The repurchase facility and issue of new shares are conditional on shareholders' approval being obtained at an extraordinary general meeting to be held on August 21. Transcontinental has entered into conditional agreements with investors for the repurchase of all the shares tendered under the facility and for the subscription of a further 6m new shares.

FINANCIAL TIMES STOCK INDICES

	Aug. 16	Aug. 15	Aug. 14	Aug. 13	Aug. 12	Aug. 9	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Government Secs.	83.70	83.70	83.56	83.56	83.71	83.29	83.87	78.02	127.4	49.18
Fixed Interest	88.65	88.64	88.55	88.58	88.58	88.44	88.74	82.17	150.4	50.53
Ordinary	974.7	976.7	966.0	949.6	964.2	959.5	1024.5	911.0	1024.5	49.4
Gold Mines	309.3	330.3	329.6	343.5	349.1	337.2	536.9	298.1	734.7	43.5
FT-Act All Share	626.00	628.53	623.70	620.62	620.93	620.02	644.21	581.88	644.21	61.92
FT-SE100	1299.1	1302.6	1293.1	1285.1	1288.1	1286.3	1324.4	1206.1	1342.4	986.9

LADBROKE INDEX
972-976 (unchanged)
Based on FT Index
Tel: 01-427 4411

BANK RETURN

BANKING DEPARTMENT	Wednesday August 14 1985	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	3,029,364 768	− 741,091,257
Bankers Deposits	754 339 065	− 87,020,959
Reserve and other Accounts	1,452,959,63 0	− 100,927,903
	5,251,216,463	− 929,040,149
ASSETS		
Government Securities	715,732,771	+ 17,205,000
Advance & other Accounts	572,765,964	+ 61,465,129
Premises Equipment & other Secs.	3,859,090,973	− 990,686,792
Notes	3,032,919,906	− 6,980,090
Coin	593,637	− 63,396
	5,251,216,463	− 929,040,149

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in circulation	12,206,967,189	− 53,019,910
Notes in Banking Department	3,032,818	− 6,980,090
	12,210,000,000	− 60,000,000
ASSETS		
Government Dept.	11,015,100	—
Other Government Securities	1,489,356,984	− 230,839,763
Other Securities	10,709,627,916	+ 170,836,763
	12,210,000,000	− 60,000,000

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
§59	F.P.	6/9	65	58	✻ATA Selection 5p	62	—	bg1.5	2.6	3.5	15.5
180	F.P.	2/8	250	225	Abbey Life 5p	249	−1	b6.6	—	3.8	—
57	F.P.	—	82	69	✻Aberd'n Steak H. 5p	82	+5	ug2.2	2.0	3.8	18.6
¶¶	F.P.	—	£20¼	£19¼	Alex. & Alex. c. $1	£20¼	—	—	—	—	—
§34	F.P.	—	37	35	Anglo Utd. Dev.	37	—	bd1.05	2.1	4.0	17.8
§138	F.P.	2/8	140	130	✻Appletree 10p	135	—	b2.6	3.6	2.7	15.1
50	F.P.	12/8	50	44½	Baillie G'f'd Shin Npn.	44½	—	—	—	—	—
—	F.P.	10/9	15	15	Do. Warrants	15	—	—	—	—	—
170	F.P.	22/8	190	165	Bradstock 5p	167	−3	bg5.25	2.4	4.0	13.0
130	F.P.	24/7	134	99	Brent Walker 10p	116	—	b3.5	2.6	4.5	18.1
375	200	10/9	253	198	British Aerospace 50p	185	+5	13.65	5.1	6.4	6.7
185	100	—	126	117	Britoil 10p	126	+1	t13.0	3.0	6.8	6.0
120	F.P.	—	162	151	CAP 10p	150	—	u1.5	4.2	1.4	18.8
§80	F.P.	—	89	77	✻CCA Galleries 10p	87	—	bg2.35	2.5	3.9	13.1
‖‖	F.P.	—	48	38	✻Cannon Street Invs.	38	—	—	—	—	11.7
‖9	F.P.	30/8	100	93	✻CobraEmer'ldMines	93	—	—	—	—	—
§115	F.P.	—	128	118	ControlTechniques5p	125	−1	bg2.7	2.7	3.1	16.8
¶¶	F.P.	5/9	110	75	Expln. Co. Louisiana	80	—	—	—	—	—
§51	F.P.	—	52	51	✻Dean Park Hotels	51	—	—	—	—	—
§140	F.P.	6/9	150	130	✻FKB Group 5p	135	—	1.76	3.2	1.6	27.7
160	F.P.	26/7	120	95	First Security 10p	116	—	u3.5	2.6	4.3	11.4
Ir.67	F.P.	26/7	77	58	Green Property Ir. 25p	59	—	12.57%	1.5	3.8	22.7
‖9	F.P.	—	460	380	✻Heavitree Brewery	385	—	10.75	1.9	4.0	16.6
‖‖	F.P.	—	450	345	Do. 'A' Lim. Vtg. Ord.	345	—	10.75	1.9	4.4	16.7
¶123	F.P.	9/9	235	125	Isotron	198	−24	bg1.28	3.2	0.9	47.0
§110	F.P.	—	112	98	✻Lewmar	105	+2	u2.625	3.0	3.6	15.0
**	F.P.	9/8	49½	44	London Tst. Wrrts.	49½	+1	—	—	—	—
§65	F.P.	—	72	68	✻Lysander Pet. 5p	68	—	—	—	—	—
§44	F.P.	—	54	46	✻Miche'l(J)Design 2½p	53	—	1.0	3.6	2.7	14.9
120	F.P.	26/7	115	100	Micro Scope 10p	102	—	b1.5	4.3	2.1	14.3
105	F.P.	4/9	107	90	✻Moss Advertising 5p	90	—	bg2.45	3.0	3.9	12.4
§170	F.P.	9/8	170	138	✻Pacer Systems $0.01	138	—	bg3.3c	—	2.2	—
§92	F.P.	6/8	122	102	✻Polypipe 10p	122	+7	b2.9	2.7	3.4	15.5
150	F.P.	9/8	125	95	✻Sapphire Petm. 50p	102	+5	—	—	—	—
110	F.P.	—	110	104	Tiphook 10p	110	—	u3.75	2.1	4.8	11.0
§75	F.P.	—	98	74	✻Trilion 10p	98	+4	bg1.1	4.2	1.6	18.2
110	F.P.	30/8	130	117	✻Yellowhammer 5p	130	—	bg1.6	1.4	1.7	17.4

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
67.505	£30	—	30⅞	30	Australia 9½% Ln. 2012	30⅞	—
¶¶	F.P.	—	103	100	Burton 8% Cnv. Uns. Ln. 2001	101	+1
‖‖	F.P.	—	198	162	✻Cannon St. Invs. 7.7% Cv. Cm. RdPf 94-8	165	+1
50p	‖	27/9	50p	41p	Hanson Tst. 6.75% Cnv. Cum. Red. Pf	50p	—
88.465	£30	24/1	31	29¾	Intl. Bk. for Rec. & Dev. 9½% Ln. 2010	30¾	+¾
§99.885	£25	16/10	25¾	25	Keystone Invs. 11⅛% Deb. 2010/15	25¾	+¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lowland Inv. [illegible] Deb. 2010	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Macallan-Glenl. [illegible] Cnv. Uns. Ln. 2005	[illegible]	[illegible]
90.705	[illegible]	[illegible]	[illegible]	[illegible]	Malaysia [illegible] Ln. 2005	[illegible]	[illegible]
—	F.P.	—	[illegible]	[illegible]	Nationwide [illegible] Bds. [illegible]	[illegible]	[illegible]
—	F.P.	—	[illegible]	[illegible]	Do. [illegible] Bds. [illegible]	[illegible]	[illegible]
100	F.P.	—	[illegible]	[illegible]	Oldham Met. Borough [illegible]	[illegible]	[illegible]
¶¶	F.P.	—	100	95	REA 8% Cum. Pref.	[illegible]	[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
90	Nil	[illegible]	[illegible]	[illegible]	Applied Holographics 5p	110pm	[illegible]
180	F.P.	[illegible]	[illegible]	[illegible]	Beatwood 15p	[illegible]	[illegible]
9e	[illegible]	[illegible]	[illegible]	[illegible]	Brown (J.) A [illegible]	[illegible]	[illegible]
5	Nil	[illegible]	[illegible]	[illegible]	Danes Est. [illegible]	6pm	[illegible]
280	F.P.	11/10	[illegible]	[illegible]	Extel	[illegible]	[illegible]
360	F.P.	[illegible]	[illegible]	[illegible]	Forshaws Burtonwood	[illegible]	[illegible]
185	100	28/10	[illegible]	[illegible]	Hanson Trust	[illegible]	[illegible]
210	Nil	[illegible]	[illegible]	[illegible]	Hazlewood Foods 20p	[illegible]	[illegible]
25	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
120	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
400	Nil	[illegible]	[illegible]	[illegible]	TACE 10p	[illegible]	[illegible]
250	Nil	[illegible]	50pm	35pm	Thermal Scientific	50pm	+5

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters or fully paid. ‖‖ Introduction. ✻ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
*AMEC	Aug 28	Interim 4.0	*HK Shanghai Bank	Aug 27	Interim 0.15
APV	Aug 23	Interim 4.5	*Horizon Travel	Aug 22	Interim 0.88
*Anglo American Gold	Aug 30	Interim 475c	*Johnson Group Cleaners	Aug 23	Interim 3.15
Associated Brit. Ports	Sept 13	Interim 3.0	Kleinwort Benson	Sept 4	Interim 5.0
*Associated Dairies	Aug 29	Final 1.75	*Ladbroke	Aug 29	Interim 4.477
Automotive Products	Sept 3	Interim 1.0	Laing (S.)	Sept 20	Interim 1.75
*BAT Inds.	Sept 10	Interim 4.05	Laporte Inds.	Sept 20	Interim 3.2
*BICC	Sept 4	Interim 3.5	*Lasmo	Sept 3	Interim 4.5
*BP	Aug 29	Interim 10.0	Legal and General	Sept 12	Interim 7.5
BPCC	Sept 20	Interim 3.0	Land Merchant Securities	Sept 11	Final 1.25
BTR	Sept 12	Interim 5.75	Morgan Crucible	Sept 14	Interim 3.7
*Babcock Intl.	Aug 28	Interim due	News Intl	Sept 21	Final 4.8943
Barratt Devs	Sept 16	Final 5.31	P & O	Sept 4	Interim 5.0
Barrow Hepburn	Sept	Interim 0.8	Pearson	Sept 7	Interim 6.0
*Blagden Inds.	Aug 16	Interim 3.5	Pentland Industries	Aug 30	Interim 0.5
*Blue Circle Industries	Aug 29	Interim 6.0	Phoenix Assurance	Sept 11	Interim due
Boddingtons Breweries	Sept 13	Interim 1.23	Plessumme	Sept 5	Interim 2.5
*Bowater	Sept 11	Interim 3.5	*Provident Financial	Sept 3	Interim due
*Brent Chems	Sept 18	Interim 0.75	*Prudential	Sept 12	Interim 7.5
British Aerospace	Sept 11	Interim 3.25	*Queens Moat Houses	Aug 20	Interim 0.665
Brixton Estate	Sept 18	Interim 2.1	RTZ	Sept 19	Interim 6.5
*Bunzl	Sept 4	Interim 3.25	Reckitt and Colman	Sept 6	Interim 6.5
Burmah Oil	Sept 12	Interim 3.5	Rockware	Sept 10	Interim due
Cadbury Schweppes	Aug 23	Interim 1.6	Rowntree Mackintosh	Sept 20	Interim 2.6
Cement Roadstone	Sept 6	Interim 1.0	Sedgwick	Sept 6	Interim 3.0
Charterhouse Petroleum	Aug 30	Interim 0.25	Sime Darby	Sept 1	Final 6.8 sen
Coats Patons	Sept 16	Interim 1.65	Simon Eng	Sept 17	Interim 5.0
Cons. Gold Fields	Sept 16	Final 16.0	*Slough Ests	Aug 28	Interim 1.8
*Cons Plants	Aug 30	Final 18 sen	*Smith (W.H.)	Aug 21	Final 1.171
Costain	Sept 12	Interim 6.0	Staffs Potts	Sept 12	Final 2.0
Croda Intl	Sept 6	Interim 4.286	Standard Chartered	Aug 21	Interim 6.5
Delgety	Sept 17	Final 13.0	Stock Conversion	Aug 13	Final 3.5
*De Beers	Aug 20	Interim 12½c	Sun Alliance	Sept 5	Interim 6.75
Delta	Sept 12	Interim 1.82	Tarmac	Sept 17	Interim 4.0
Euro Ferries	Sept 12	Interim 1.1	*Turner and Newall	Sept 12	Interim 1.0
Exco Intl	Aug 23	Interim 4.25	Utd Biscuits	Sept 12	Interim 2.7
Expamet Intl	Sept 12	Interim 2.0	Vosper	Sept 20	Interim nil
Fisons	Sept 18	Interim 1.8	*Willis Faber	Sept 10	Interim 7.0
Fleet Hldgs	Aug 30	Final 3.25	Woolworth	Sept 12	Interim 3.5
GRE	Sept 5	Interim 6.5			
*Gold Fields SA	Aug 20	Final due			
Grattan	Sept 20	Interim 1.0			
*Hawley	Aug 21	Interim due			
Hopworth Ceramic	Sept 6	Interim 2.75			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Over-the-Counter Market

Capitalisatn. £000's	Company	Price	Change on week	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
4,580	Ass. Brit. Ind. Ord.	135	—	6.6	4.6	7.5	8.9
—	Ass. Brit. Ind. CULS	138	—	10.0	7.2	—	—
2,663	Airsprung Group	46	+2	6.4	13.9	7.7	10.0
976	Armitage and Rhodes	39	+1	4.3	11.0	4.8	5.8
48,934	Bardon Hill	157	—	4.0	2.5	19.9	20.7
3,465	Bray Technologies	63	+1	3.9	6.2	7.7	6.9
583	CCL Ordinary	158	−1	12.0	7.6	2.9	3.7
1,300	CCL 11pc Conv. Pref.	104	−1	15.7	15.1	—	—
7,547	Carborundum Ord.	126	—	4.9	3.9	6.2	9.8
630	Carborundum 7.5pc Pf.	90	—	10.7	11.9	—	—
3,836	Deborah Services	49	—	6.5	13.3	4.7	7.5
30,765	Frank Horsell	485	—	1.4	0.3	11.4	16.4
—	Frank Horsell Pr.Ord.87	370	—	11.9	3.2	6.7	11.7
3,467	Frederick Parker	24	−1	—	—	—	—
1,365	George Blair	74	+3	—	—	5.0	9.8
934	Ind. Precision Castings	23	+1	2.7	11.7	8.3	6.8
14,339	Isis Group	180	—	15.0	8.3	13.8	20.7
3,416	Jackson Group	104	−1	6.5	5.3	7.0	7.0
32,587	James Burrough	235	−2	15.0	6.4	7.4	7.4
3,155	James Burrough 9pcPf.	91xd	+2	12.6	14.2	—	—
8,962	John Howard and Co.	56	−1	6.0	5.6	6.6	10.8
3,404	Linguaphone Ord.	193	−5	—	—	7.1	7.4
—	Linguaphone 10.5pc Pf.	93	—	16.0	18.1	—	—
16,365	Minihouse Holding NV	570	—	6.6	1.2	24.9	23.7
744	Robert Jenkins	73	+4	—	—	6.5	20.9
1,260	Scruttons "A"	31	+1	—	—	—	7.9
1,806	Torday and Carlisle	74	—	5.0	6.8	3.7	6.8
1,473	Travian Holdings	325	—	4.3	1.3	16.5	18.2
6,161	Unilock Holdings	33	+1	2.1	6.4	6.0	8.8
14,485	Walter Alexander	113	+1	8.6	7.6	6.4	7.8
4,806	W. S. Yeates	206	−4	17.4	8.4	5.9	10.1

Prices and details of services now available on Prestel, page 48146

CONSTRUCTION CONTRACTS

Roadworks for John Laing

The civil engineering division of **JOHN LAING CONSTRUCTION** has won contracts totalling almost £27m. One of the largest is for the northern section of the A406 South Woodford to Barking Relief Road, between the existing A406 at South Woodford and the A12 at Redbridge. Structures included in the £10.2m order are the Woodford Viaduct—two separate adjacent structures with a total of 24 spans—and the Redbridge Viaduct—two separate structures with a total of 13 spans. Work on the 130-week contract, awarded by the Department of Transport, is due to start in early September.

Work starts this month on the Ruabon Bypass in Clwydd, the £9.7m contract for which has been awarded by the Transport and Highways Planning Group of the Welsh Office.

The 5.2 km bypass will run about 5 km south west of Wrexham and will have slip roads linking it to the existing Llangollen road. The bypass incorporates two interchanges, three roundabouts and eight bridges. Construction period is two years.

Laing has been awarded the £4.2m contract for the construction of the southern link of the M42/M5 junction south of Birmingham in the West Midlands. Work includes 0.9 km of three-lane and 0.4 km of four-lane motorway, 1.4 km of link roads, a roadbridge over the M5 and an underbridge. Work on the 78-week contract starts this month.

Work has started on the £2.7m contract for a 7 km overlay to the M18 on the Yorkshire-Humberside border near Thorne. The contract marks a first in the UK—use of a continuously reinforced overlay in the reconstruction of a motorway.

The stretch of road is the northbound carriageway between Junction 6 (the Waterside interchange) and Junction 7 (the Langham interchange), and is part of the 1985 motorway maintenance programme announced by the Department of Transport. Work on the 10-year-old road will be completed at the end of the year.

Construction is under way on a major office development above Mansion House underground station, in the City of London. Awarded to Mowlem Management by joint clients, Beaver House and London Regional Transport, the contract is valued at £33m. Two buildings, totalling 230,000 sq ft office space, will be linked by a two-level glazed pedestrian bridge over Little Trinity Lane. The main building, (shown in the model) faced in Carrioca granite, will have five storeys on the Queen Victoria Street frontage and seven on Upper Thames Street. An elegant feature will be the landscaped atrium with six panoramic wall-climber lifts rising to the glass roof. The old, 30 ft high Portland stone portico entrance to the original Beaver House has been taken down stone by stone and will be re-erected as a focal point of the new atrium, with a water display feature also dominating this area. The smaller building, at 71a Queen Victoria Street, will have four storeys and will be faced in Comblanchien Stone. Works already undertaken have involved demolition of two existing early 20th century buildings, with a road bridge and LRT sub-station. The northern part of the main building is being constructed over the District and Circle underground lines. This has required the installation of 53 hand excavated piles in a restricted area through the platforms and other parts of Mansion House station without disrupting train services; in the southern half of the site 87 augered piles have been installed. Work is due for completion in mid-summer 1987.

Galliford wins £7m orders

GALLIFORD GROUP companies have won orders totalling almost £7.5m.

Wincott Galliford has four industrial units for Sherriff & Co, Leicester (£311,000); alterations for Carl Freudenberg & Co (UK), Lutterworth (£206,000); office development for GB Properties, Winchester (£255,000); shop units, also for GB Properties at Uckfield, Sussex (£336,000); refurbishment at Game Cock Barracks, Nuneaton, for Property Services Agency (£352,000); factory units for Airfresh (UK) at Rugby (£330,000); new S.A.F. plant works at Coventry for Courtaulds Engineering (£190,000); and alterations to White Swan, Kingsbury, Birmingham, for Mitchells and Butlers (£45,000).

Galliford and Sons has reconstruction of bridges Nos 377 and 378 on Rugby-Birmingham line for London-Midlands Region, British Rail (£821,000); central railway station access road at Telford for Telford Development Corporation (£798,000); widening of Agecroft Bridge, Pendlebury, Bury, Lancs, for Greater Manchester Council (£196,000); and Phipps 2 main drainage scheme, phase 3B at Warrington, for Warrington and Runcorn Development Corporation (£245,000).

Galliford CIB has units for mentally handicapped persons at Liverpool for the Brothers of Charity (£450,000); filter press room, Warrington (£175,000); modifications to new cider plant at Hereford (£250,000) and new filtration plant at Warrington (£152,000); all for Greenall Whitley, and civil maintenance at Huddersfield for ICI (£500,000).

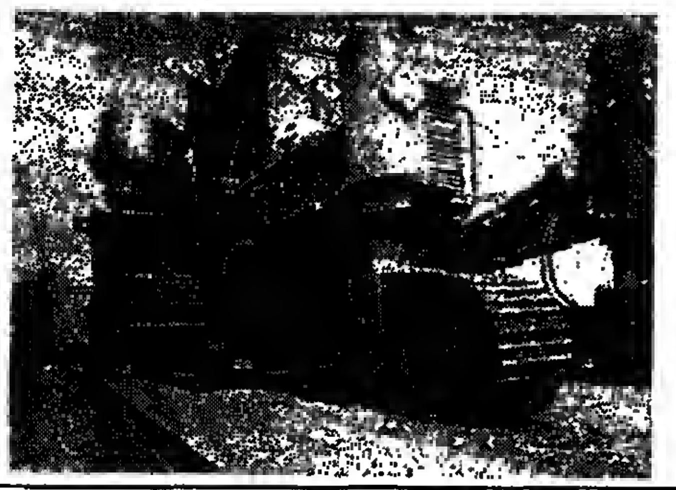
APW Construction has a materials store at Blaenau Plastics, Blaenau Ffestiniog (£442,000); and roads and sewers for Coventry City Council (£150,000).

Major pharmaceutical project

AMEC PROJECTS has been awarded a major contract from the pharmaceutical industry. It has been appointed project and construction manager by the Scottish Development Agency for the Damon Biotech facility on the Kirkton high-technology industrial campus in Livingston, Scotland. Representing a total investment of some £30m the plant will be used for the large-scale production of a new generation of health care products, including monoclonal antibodies, the man-made proteins used in the diagnosis and treatment of serious diseases. Claimed to be the largest manufacturing unit of its kind in the world, the facility will be designed to accommodate advanced biotechnological production systems. Work will begin later this year, with completion scheduled for the end of 1986. AMEC Projects will have overall responsibility for design, construction and commissioning, including the installation of all specialised process equipment worth a total of £12.5m. The facility will be officially validated as meeting the standards of the U.S. Food and Drug Administration, the Department of Health and Social Security, and equivalent European and Japanese regulatory agencies. A single-storey unified building of about 87,000 sq ft, the self-contained facility will house all Damon Biotech's production, administrative, and research and development departments. Features include warm and cold environmental clean rooms built to class 100 and class 10000 standards, and specially constructed freezer rooms.

*

LOVELL CONSTRUCTION (SOUTHERN) has won a contract worth about £3.5m to build a mixed office and retail complex in the centre of Brighton. Located in Queen's Square, the eight-storey building will be constructed on a site formerly occupied by a United Reform Church. Based on an octagonal plan, the eight levels will be terraced back from the ground floor to provide a large floor area for a building designed to blend with the existing architecture of this part of Brighton. Net internal area of the building will be around 38,000 sq ft for the office accommodation and 11,000 sq ft for the retail. The building is being constructed on behalf of clients of Barclay Property and Investment Management. Basic structure is of reinforced concrete and the exterior of the building will be clad in brick. The retail element is on one side of the building which fronts Air Street. Car parking spaces will be provided within the building. Preparatory work includes demolition of the remainder of the disused church and under-pinning of the neighbouring three-storey Georgian house.



For the first time in the UK, a Drion Slipform paving machine has been used for kerb laying with outputs of up to 1,000 metres per day. Spectra Alignment, a division of Shorco Group Holdings, won a contract from Monk and Co to lay the kerb on a section of the M5, when 980 metres were slipformed in under eight working hours using a Drion 2000 Slipform paver. Laying 5 cu metres of concrete every 15-20 minutes requires close co-operation with the concrete supplier. The Readymix depot at Redditch delivered every 20 minutes to enable the paver to work at the required speed. The mix used was a 22.5/20 concrete with a minimum 340 kg cement per cu metre. This is the specified mix laid down by the Department of Transport.

Steelwork at Sellafield

S. W. FARMER & SON has been awarded a sub-contract by Balfour Beatty Fairclough Joint Venture for internal steelwork for the thermal oxide reprocessing plant at Sellafield for British Nuclear Fuels. The contract is for the part of the complex known as the Thorp head end and chemical separation plant and comprises the detailed design, fabrication and erection of structural steel contained within a building 285 metres long, 108 metres wide and 50 metres high. The sub-contract is valued at £7m and comprises in-cell steelwork, metalwork and other steel fabrications, the basic steel for which will substantially be obtained from the British Steel Corporation. Delivery is scheduled for progressive completion in a contract period of four years.

*

In the first six months of 1985, **CLARKE CONSTRUCTION** has secured contracts to a value of over £17m. Significant contracts received between January and June 1985 include: the first phase of a new Co-op store in Plymouth (£2m); a Co-op store in Northampton (£1.2m); a supermarket in Sheffield for Argyll Stores (£1.3m); a warehouse in Motherwell for United Biscuits (£1m); and industrial units on the Springhead Industrial Park, Gravesend (£0.9m).

*

NORWEST HOLST CIVIL ENGINEERING is working on a £2.3m contract to construct the Brymbo link road at New Broughton, Clwyd. The works form a new link between the A525 west of the Wrexham bypass and College Hill, near Tanyfron. The contract is for 2 km of 7.3 metres-wide carriageway, two underbridges, site clearance, drainage, earthworks, road works, lighting, signs and various accommodation works. The contract was awarded by Clwyd County Council and is due for completion in February 1987.

*

Orders worth over £1m have been won by **FORD AND WESTON (DERBY)**. They include a contract from the Central Electricity Generating Board for building and maintenance work at Ratcliffe power station, near Nottingham, and a reroofing contract at Royal Air Force, Newton, Lincs.

Wimpey to build £15m Guardian printing plant

WIMPEY CONSTRUCTION UK has been awarded a £4m contract by Wingrove Development Services to build Guardian Newspapers' printing plant in Millwall Docks, London Enterprise Zone area. The overall scheme, announced by Guardian Newspapers earlier this year, represents a total investment, including land development and equipping costs, of around £15m—the biggest single investment in the paper's history.

The new printing plant will occupy about 45,000 sq ft. It will initially house three five-unit letterpress presses built by the West German firm of Koenig and Bauer, offering spot colour facilities and an increase in paper size to 40 pages. Structurally, the building will comprise an insitu ground floor slab on piled foundations, with a steel frame and aluminium/curtain walling cladding, together with further ancillary buildings. Building work on the new premises is to be completed by July 31 1986. Installation of the printing plant and other specialist equipment will commence in August 1986.

International dealers floor at Lloyds Bank

Formation of an international dealers' complex for Lloyds Bank at Faryners House, 25 Monument Street, EC3, is among the latest batch of contracts totalling over £4.5m won by **MANSELL**. Under a management fee contract worth nearly £800,000, work involves forming the complex on an entire floor complete with dealers' desks and all services including communication systems with 32 tonnes of fibre optic cable. Fire precaution work at Lloyds' nearby St George's House, 6-8 Eastcheap, is also being carried out. Work is due for completion in January 1986. Another bank contract is the £650,000 external and internal refurbishment of the National Westminster at 155-159 Rushey Green, Catford, SE6, while the bank remains open for business. Work includes extension of premises into an adjoining shop at basement, ground and first floor levels and formation of three residential flats, and is due to finish in October 1986. For the Norwich Union Life Insurance Society a £50,000 refurbishment of a six-storey terraced building at 9 Stratford Place, W1, is being carried out. Work is due for completion in February 1986.

*

MORGAN LOVELL has been awarded various refurbishment contracts for work in the City of London totalling £2m. The projects include a £575,000 contract for PosTel Investments Management for refurbishment of common parts at 88 Leadenhall Street, EC3.

*

WILLIAM TAWSE, civil engineering part of Aberdeen Construction Group, has been awarded a contract for Phase 1A of the Castlebay School sports wing, on the island of Barra. The contract, valued at just over £500,000, has been awarded by Western Isles Island Council. The work, scheduled to take about 12 months, involves a swiming pool, changing area and sports hall.

FINANCIAL DIARY FOR THE WEEK

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

BOARD MEETINGS—
Finals:
Access Satellite International
Blagden Industries
Impala Platinum
Vibroplant
Interims:
Hickson International
Ocek
Scottish Eastern Inv Tst

DIVIDEND & INTEREST PAYMENTS—
CML Microsystems 1.8p
CityFed Fin Cpn $0.19
Combined Intnl Cpn $9.54
Equity Consort Inv Tst 7.7p. Ord 14p
FKI Electricals 9.275p
IBM Credit Overseas 13¼pc Nts due 18/8/87 8.9375pc
Mountview Estates 3.5p
Sanwa Intnl Finance 1992 $480.78
Standard Chartered Bank $49.34
Thermal Scientific 2p
Standard Securities 1.27p
15L Thermal Syndicate 1p
Toothill (R. W.) 4.5p
Treasury 10pc Stk 1992 5pc
York Mount 3p

TOMORROW

COMPANY MEETINGS—
Berkeley Group, 4, Heath Road, Weybridge, Surrey, 10.00
Evans of Leeds, Queens Hotel, City Square, Leeds, 12.00
Flextech, Hall of the Institute of Chartered Accountants, Moorgate Place, EC, 11.30
Fuller Smith and Turner, Griffin Brewery, Chiswick, 11.00
Racal Electronics, Institution of Electrical Engineers, Savoy Place, WC, 11.45

BOARD MEETINGS—
Finals:
Geefer (A. & J.)
Genbel Investments
Gold Fields of South Africa
Jos Holdings
United Packaging
Interims:
De Beers Consolidated Mines
Fife Indmar
Fleming Mercantile Inv Tst
Gaskell Broadloom
McAlpine (Alfred)
Metal Bulletin
1928 Inv Tst
Olives Paper Mills
Queens Moat Houses
Rentokil
Standard Chartered
Suora

DIVIDEND & INTEREST PAYMENTS—
Caterpillar Tractor $12.5
Chamberlain Phipps 2.75p
Feedback 1.5p
Flemong Overseas Inv Tst 1.75
Fuller Smith and Turner A 8.10
Kleinwort Benson Fin BV 1991 $109.81
M and G Recovery Fund 4p
Morgan (J. P.) Int Fin NV 1997 $217.22
Security Pacific Cpn $0.335

WEDNESDAY, AUGUST 21

COMPANY MEETINGS—
Equity Finance Trust Hldgs, Dauntsey House, Frederick's Place, EC, 5.00
Thorpac Group, Stratton House Hotel, Cirencester, Gloucs, 12.00

BOARD MEETINGS—
Finals:
Selec TV
Smith (W. H.)
Interims:
Britannic Assurance
Federated Housing
Hawley
Insight
Kean & Scott
Liberty Life Association of Africa
Mersey Docks & Harbour
Nichols (J. N.) (Vimto)
Pearl Assurance

DIVIDEND & INTEREST PAYMENTS—
Bank of Tokyo (Curacao) NV 1990 £160.88
Beecham 6.2p
Berkeley Group 2.4p
Bertam Hldgs 1.25p
Commerzbank Overseas Fin NV 1989 $212.83
Diversified Bond Fund Pf $0.19
English and New York Tst 5½pcDb 1987 2.75p
Exchequer 10½pc Stk 1997 5.25pc
First Chicago Overseas Fin 1994 $217.22
KLP 1.2p
Lazard Bros Int Income Fund Pf $0.56
Meadow Farm Products 4.5p
Merrill Lynch Com Stk $1.333 $0.29
New Brunswick (Prov) May 1998 C$24.28
Security Pacific Cpn Cap 1997 $202.00

THURSDAY, AUGUST 22

COMPANY MEETINGS—
Electric and General Investment Co, 26, Finsbury Square, EC, 12.30
Lovell (G. F.), Richard III Road, Leicester, 12.00
Murray Technology Investments, 163, Hope Street, Glasgow, 10.30
Scottish and Newcastle Breweries, King James Thistle Hotel, St James Centre, Edinburgh, 10.30

BOARD MEETINGS—
Finals:
Beales (John)
Dale Electric International
Heath (Samuel)
Press Tools
Interims:
Braime (T. F. & J. H.)
Dewey Warren
Ericsson (L. M.) (Telefonaktiebolaget)
Garfunkels Restaurants
Horizon Travel

DIVIDEND & INTEREST PAYMENTS—
Appledore (A. and P.) 2p
Assoc Newspapers 5.5p
Daynes (Charles) 9.55p
Exchequer 12½pc Stk 1994 6.25pc
Lloyd (F. H.) 2.5p
Rothschild (J.) Hldgs 1.2p
Southern Business Leasing 1p
Thorpac Group 1p
Treasury 11½pc Stk 1989 5.75pc
Walter and Stall 1.7p
Wigney 9.2625p

FRIDAY, AUGUST 23

COMPANY MEETINGS—
Armitage and Rhodes, Calder Vale Mills, Ravensthorpe, Dewsbury, 2.00
Barrie Investments and Finance, Founders Court, Lothbury, EC, 12.00
Brown Shipley, Founders Court, Lothbury, EC, 12.00
Greenfield Blacks, Garth Hotel, Moss Pitt, Stafford, 12.00
Lees (John J.), Albany Hotel, Bothwell Street, Glasgow, 12.00
May and Hassel, Grand Hotel, Broad Street, Bristol, 12.00
Meadow Farm Produce, Bath House, Holborn Viaduct, EC, 10.30
Dreas Wilsons, Great Eastern Hotel, Liverpool Street, EC, 12.00

BOARD MEETINGS—
Interims:
Johnson Group Cleaners
Pacific Assets Trust
Sanvik Aktiebolag

DIVIDEND & INTEREST PAYMENTS—
Anglo-American Secs 1.5p
Baker Intnl Cpn $0.23
Daichi Tip 9.65p
Bradbury Wilkinson 8pcPf 7p
Cowie (T.) 1.25p
Eaton Cpn $0.35
Electric and Gen Inv Co 2.95p
Freshbake Foods 1.1p
Irish Civil Service Bldg Soc Ir£29
Lloyds Eurofinance NV 1990 £159.72
Mercury Common Market Tst 58p
Murray Technology Inv 9.5p
Northern Foods 3p
Dreas Wilsons 2.2p
Pilkington Bros 7.5p
Powell Duffryn 19.67p
Scapa Group 7.3p
Treasury 2½pc Index-Lkd Stk 2011 £1.52

SATURDAY, AUGUST 24

BOARD MEETINGS—
Interims:
Jourdan (Thomas)

DIVIDEND & INTEREST PAYMENTS—
British Ever Ready 6pc 1992-97 3pc
Exchequer 2½pc Stk 1990 1.25pc
Lees (John J.) 2p
Mid-Sussex Water Co 8pcPf 1988 4pc
Royal Bank of Canada NPV $0.59

SUNDAY, AUGUST 25

DIVIDEND & INTEREST PAYMENTS—
Aluminium Co of America $0.30
Exchequer 11¾pc Stk 1986 5.875pc
Exchequer 11¾pc Stk 1986 5.875pc
12¼pc Stk 1992 6.125pc
RHM 8¼pc 1990-94 4.9625pc. 8¾pc 1991-95 4.8375pc

Contracts & Tenders

Company Notices

Personal

Clubs

CLASSIFIED ADVERTISEMENT RATES

	Per line (min. 3 lines) £	Single column cm (min. 3 cms) £
Commercial & Industrial Property	10.50	35.50
Residential Property	8.00	27.00
Appointments	11.00	37.00
Business, Investment Opportunities	10.50	35.50
Business for Sale/Wanted	10.50	35.50
Personal	8.00	27.00
Motor Cars	8.00	27.00
Hotels & Travel	8.00	27.00
Contracts & Tenders	10.50	35.50
Book Publishers	—	net 17.50

Premium positions available £7.00 per single column cm extra

For further details write to:

Classified Advertisement Manager
Financial Times, 10 Cannon Street, London EC4P 4BY

BASE LENDING RATES

A.B.N. Bank	11½%
Allied Dunbar & Co.	11½%
Allied Irish Bank	11½%
American Express Bk.	11½%
Henry Ansbacher	11½%
Amro Bank	11½%
Associates Cap. Corp.	12 %
Banco de Bilbao	11½%
Bank Hapoalim	11½%
BCCI	11½%
Bank of Ireland	11½%
Bank of Cyprus	11½%
Bank of India	11½%
Bank of Scotland	11½%
Banque Belge Ltd.	11½%
Barclays Bank	11½%
Beneficial Trust Ltd.	12½%
Brit. Bank of Mid. East	11½%
■ Brown Shipley	11½%
CL Bank Nederland	11½%
Canada Permanent	11½%
Cayzer Ltd.	11½%
Cedar Holdings	12 %
■ Charterhouse Japhet	11½%
Choulartons**	
Citibank NA	11½%
Citibank Savings	¶12¼%
City Merchants Bank	11½%
Clydesdale Bank	11½%
C. E. Coates & Co. Ltd.	12 %
Comm. Bk. N. East	11½%
Consolidated Credits	11½%
Continental Trust Ltd.	11½%
Co-operative Bank	*11½%
The Cyprus Popular Bk.	11½%
Duncan Lawrie	11½%
E. T. Trust	12 %
Exeter Trust Ltd.	12 %
First Nat. Fin. Corp.	13 %
First Nat. Secs. Ltd.	13 %
■ Robert Fleming & Co.	11½%
Robert Fraser & Ptns.	12½%
Grindlays Bank	‡11½%
■ Guinness Mahon	11½%
■ Hambros Bank	11½%
Heritable & Gen. Trust	11½%
■ Hill Samuel	§11½%
C. Hoare & Co.	†11½%
Hongkong & Shanghai	11½%
Johnson Matthey Bkrs.	11½%
Knowsley & Co. Ltd.	12 %
Lloyds Bank	11½%
Edward Manson & Co.	12½%
Meghraj & Sons Ltd.	11½%
Midland Bank	11½%
■ Morgan Grenfell	11½%
Mount Credit Corp. Ltd.	11½%
National Bk. of Kuwait	11½%
National Girobank	11½%
National Westminster	11½%
Northern Bank Ltd.	11½%
Norwich Gen. Trust	11½%
People's Trust	12½%
PK Finans Intl. (UK)	12 %
Provincial Trust Ltd.	12½%
R. Raphael & Sons	11½%
Roxburghe Guarantee	12 %
Royal Bank of Scotland	11½%
Royal Trust Co. Canada	11½%
■ J. Henry Schroder Wagg	11½%
Standard Chartered	‖11½%
TCB	11½%
Trustee Savings Bank	11½%
United Bank of Kuwait	11½%
United Mizrahi Bank	11½%
Westpac Banking Corp.	11½%
Whiteaway Laidlaw	12 %
Williams & Glyn's	11½%
Yorkshire Bank	11½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%, 1 month 8.50%. Top Tier—£2,500+ at 3 monthly notice 11.25%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8% gross.
‡ 21-days deposits over £1,000 8.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8%.

THE GUINNESS

FOR.

ARTHUR BELL [redacted] holders [redacted] Guinness's [redacted] bid

The Mail on Sunday – 11 August 1985.

In [redacted] Guinness [redacted] good [redacted] believe [redacted] skills to [redacted] vantage.

Daily Mail – 15 June 1985.

[redacted]

Daily Mail – 8 August 1985.

Don't go Guinnless

The Mail on Sunday – 11 August 1985.

Even before yesterday's developments, Guinness appeared to have a pretty convincing case for clinching ownership of Bell.

The Guardian – 8 August 1985.

[redacted] institutional shareholders would be doing their clients a disservice if they refused this offer.

The Scotsman – 8 August 1985.

Where [redacted] doubtedly [redacted] goes [redacted] US [redacted] for long [redacted] tablish a [redacted]

The Guardian – 15 June 1985.

Time to accept the Guinness offer

TOMORROW shareholders in Arthur Bell will receive from Arthur Guinness the document containing its final offer for their company. It is a generous one and it should be accepted, writes Jim Levi.

Observer – 11 August 1985.

[redacted]

"Lex." Financial Times – 15 June 1985.

[redacted] those [redacted] be [redacted] improved.

Daily Mail – 15 June 1985.

[redacted]

Sunday Telegraph – 4 August 1985.

GUINNESS PLC

DRAUGHT AND BOTTLED GUINNESS. HARP. KALIBER. DRUMMONDS. MARTIN THE NEWSAGENT. LAVELLS. 7-ELEVEN. CLARE'S. CHAMPNEYS AND STOBO CASTLE HEALTH RESORTS. NATURE'S BEST VITAMINS. GUINNESS PUBLISHING.

ACT NOW. ACCEPT THE GUINNESS OFFER.

This advertisement is published by Morgan Grenfell & Co. Limited and Noble Grossart Limited on behalf of Guinness PLC. The Directors of Guinness PLC are the persons responsible for the information contained in this advertisement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts. The Directors of Guinness PLC accept responsibility accordingly.

هكذا من الأجل

Simmer and Jack Mines Limited

(Incorporated in the Republic of South Africa)

Interim Report

Report of Directors for the 6 months ended 30th June 1985

The unaudited results of the Company and its subsidiaries for the above period are as follows:–

	6 months ended 30th June 1985	12 months ended 31st December 1984
	R'000	R'000
Turnover	1,471	2,403
Royalties	523	411
Interest	664	1,310
Rents	273	533
Property Sales	—	93
Sundry Income	11	56
Operating expenses	327	668
Net Operating Income	1,144	1,735
Realisation of surplus on land sold to third parties	—	45
Net income before taxation	1,144	1,780
Taxation	597	918
Net income after taxation	547	862
Extraordinary items	50	73
Net income	597	935
Retained income at the beginning of the year	4,906	5,659
Distributable income	5,503	6,594
Dividends	—	1,688
Retained income at 30 June 1985	5,503	4,906

Capital Expenditure

There were no commitments for capital expenditure.

Property

Owing to unforeseen delays the proclamation of certain lots in Jupiter Extension 4 and Germiston Extensions 12, 20 and 28 was not gazetted in the first quarter of 1985. It is now anticipated that these townships will be proclaimed in August and that transfers will be completed a month later when the outstanding balance of R2,950,000 arising from sales of the lots will become due for payment.

No steps have been taken to proceed with the building of the Group's first major industrial complex as in the existing economic climate there is virtually no demand for new factory space.

SIMMERGO

Results for the six months period are as follows:–

	6 months ended 30th June 1985	Year ended 31st December 1984
	Tons (000)	Tons (000)
Sand treated	1,004	1,776
Ore milled	28	66
Acid production	11	25
Gold production	870kgs	1,392kgs
	R'000	R'000
Revenue – Gold and Silver	17,575	23,984
Acid	544	952
Total	18,119	24,936
Cost of Sales	13,627	18,846
Operating profit	4,492	6,090
Sundry income	11	65
	4,503	6,155
Less: Royalties	541	449
Simmer & Jack Mines	523	412
Other	18	37
Profit before taxation	3,962	5,706

Capital expenditure to 30th June 1985 amounted to R59,899 million.

Development

South Deep Shaft	Advance Metres	Metres Reef	Channel width cm	Sampled Gold g/t	Sampled Gold cm/gt
6 months ended June 1985	1,313	929	244	1,78	434
6 months ended June 1985 (Payable)	—	138	212	4,49	953
Year ended December 1984	3,352	1,760	210	1,79	376
Year ended December 1984 (Payable)	—	275	214	4,21	898

The following extract appeared in the Ergo Report for the quarter ended 30 June 1985.

"Development on Kimberley Reef at the South Deep Shaft has been discontinued as insufficient payable ore was being proven to warrant additional expenditure. Prospecting extended for 1,700 metres along strike which is forty percent of the strike distance between boundaries of the Simmer and Jack lease area.

A total of 7,730 metres was developed, of which 4,500 metres were on Reef. About twenty five percent of this area is likely to be mined yielding stoping 167,000 tons at an average in situ grade of 3,65 g/t. It is expected that mining will be completed by September 1987."

Ore in the form of "sweepings" is being recovered from the shallow areas in the northern sector of the mine.

Two further boreholes are being drilled on the company's southern lease area. The depths reached in both holes are well above the Main Reef horizon.

For and on behalf of the board
P. B. Gain (Chairman)
C. E. Dixon (Managing Director)

Registered Office:
Suite 1401, 14th Floor,
Standard Bank Centre,
78, Fox Street,
Johannesburg 2001.

Share Transfer Secretaries:
Hill Samuel Registrars (S.A.) Limited,
101, Market Street,
Johannesburg 2001.

London Registrars and Share Transfer Secretaries:
Hill Samuel Registrars Limited,
6, Greencoat Place, London SW1P 1PL.

August, 1985

doğuş

İNŞAAT VE TİCARET A.Ş.

US$ 20,000,000

Short Term Loan Facility

Guaranteed by

DOĞUŞ YATIRIM A.Ş.

Arranged by

ALUBAF Arab International Bank E.C.

Provided by

ALUBAF Arab International Bank E.C.
Arab Bank for Investment & Foreign Trade (ARBIFT)
Kuwait Foreign Trading Contracting & Investment Co. (KFTCIC)
Kuwait International Investment Company sak
National Bank of Abu Dhabi
Arab Turkish Bank

Agent

ALUBAF Arab International Bank E.C.

UK NEWS

INSURANCE

Life companies relieved at sex bias ruling

BY ERIC SHORT

LIFE companies writing permanent health insurance (PHL) business and the actuarial profession gave a sigh of relief on Thursday when Judge Denis McDonnell ruled that the Friends Provident Life Office was not breaking the law in charging higher premiums for women on such contracts.

It is standard practice of an underwriter in all branches of insurance to take all relevant factors into account when assessing a risk and charging a premium. Some of the decisions will be based on firm statistical evidence, others on little more than intuition derived from years of experience.

Where the insurance risk relates to persons — either directly as with life or sickness insurance, or indirectly as with motor insurance—the sex of the person concerned is often a factor in assessing the risk.

It is well known that women, on average, live longer than men. For more than a century, life companies have offered lower annuity rates for women, compared with men, to reflect their greater expectancy of life.

Life assurance, however, is cheaper for women than men, but life companies offered women lower premiums only when they started to take out such contracts in significant numbers about two decades ago.

The Sex Discrimination Act 1975 makes unlawful discrimination in the provision of goods, facilities or services. Insurance is regarded as a facility. This would have ended underwriters' assessment of risks based on sex, and would have had particular implications for life companies and their actuaries.

The life companies lobbied successfully for an exemption, the famous Section 45 of the Act. This allows insurance companies to discriminate in their premium rates or any other treatment, provided that:

- These were effected by reference to actuarial or other data from a source on which it was reasonable to rely.
- These were reasonable, having regard to the data and any other relevant factors.

The Equal Opportunities Commission was set up to monitor the workings of the Act. It has always opposed Section 45 in principle. Its philosophy is no exemptions whatever.

The commission is prepared to follow up any complaints made under the Act, but accepts that the mortality data on which life assurance premium rates and annuity rates are based comply with Section 45. On PHI, however, it had adopted a different view.

PHI is intended to provide income payments to individuals who are ill or disabled over long periods.

Payments start after the policy-holder has been ill or disabled for some time — 13, 26 or 52 weeks according to the policy taken out — and continue as long as the illness or disability lasts and until the policyholder reaches a certain age — usually the retirement age.

The commission had always contended that women were no more prone to sickness than men and that the life companies offering PHI did not have the necessary statistics to demonstrate this.

This view was held by Ms Jennifer Pinder, a London dentist, who objected strongly when Friends' Provident Life Office—the leader in PHI business—charged her premiums 50 per cent greater than it would have for a man. She was prepared to take the company to law, backed by the commission.

Section 45, had not been tested in the courts. Judge McDonnell's judgment shows that Friend's Provident had an uphill task. For he concurred with the popular view on sickness when he said: "Before this case I had no reason to believe that women were more susceptible than men to sickness . . . and I therefore approached this case with the impression that there was a very heavy factual burden of proof upon the defendants."

The Continuous Mortality Investigation Bureau — the body set up by the actuarial profession to collect and analyse statistics on long-term insurance from life companies in the UK — has been collecting PHI data only for a short period. Even now, the number of women taking out PHI is small.

The higher rating imposed by life companies on women for PHI has been based to a large extent on intution, experience and data from other fields. The data from the bureau, while showing that women were prone to more long-term sickness than men, were still based on small numbers.

Friends' Provident, however, was able to convince the judge that the data available were sufficient to bring Friends' Provident within Section 45.

Although Ms Pinder and the commission are still considering whether to appeal, the actuarial profession was heartened by the decision. The Institute of Actuaries issued a statement to suggest that insurers could discriminate against either sex, when the data collected had started to show relevant differences.

Life companies, it appears, would not have to collect years of data and experience before being able to justify discrimination.

Actuaries in general are sensitive about any outside influences on their professioinal judgment.

They not only have objected against the questioning of their judgment on PHI experience. They are also furious over the directive from the European Economic Community that they cannot discriminate on pension contributions and benefits.

This directive lies behind the Government's Green Paper proposals that, in its proposed system of personal pensions, the same contributions must provide the same pension benefits.

Actuaries have argued that either you have the same contributions for men and women, in which case women get lower pensions, or the benefits are the same, in which case the contributions for women are greater.

How will this judgment affect other branches of insurance? Its primary effect will be to make underwriters aware that the Act exists and that discrimination does not apply simply to equal pay.

Until recently insurers had charged higher rates for women on short-term sickness contracts—known as personal accident policies.

Commercial Union Assurance, one of the leaders in this field, recently ended the rate differential. It admits that assessment of whether the move has brought underwriting losses, or whether it has lost business from men to other insurers, cannot yet be made.

Motor insurers until recently had based their rating on many factors — type of car, area of residence, age of driver and so on — but not on sex.

This may be surprising because oft he common view that women are bad drivers. However, insurers have collected data to show that women in general are better motor insurance risks. They seem not to have been involved in as many serious crashes as have men. So some insurers are offering better terms to certain categories of women on certain policies.

Insurers have based their favourable rates for women on, as one insurer put it, "40 years of experience" as much as on statistics.

So one can visualise an insurer in a future case, facing a complaint of discrimination against men in its motor insurance premiums and being told at the outset that, because the judge had always thought women to be worse drivers than men, the onus of proof to the contrary was on the insurer.

NOTICE OF REDEMPTION

GULF OIL FINANCE N.V.

12¼% Guaranteed Notes Due October 1, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the Fiscal and Paying Agency Agreement dated as of October 1, 1982 among Gulf Oil Finance N.V. (the "Company"), Gulf Oil Corporation, (renamed Chevron U.S.A. Inc.), as Guarantor and Morgan Guaranty Trust Company of New York, as Fiscal Agent and Paying Agent, under which the Company issued its 12¼% Guaranteed Notes Due October 1, 1987 (the "Notes"), and the Notes, the Company has elected to and shall redeem on October 1, 1985 (the "Redemption Date") all of the outstanding Notes at a redemption price of 101% of the principal amount thereof (the "Redemption Price"), being the amount of $1,010 for each $1,000 principal amount of Notes.

The Notes shall become due and payable on the Redemption Date at the Redemption Price which shall be paid upon presentation and surrender of the Notes together with all coupons thereto appertaining maturing after the Redemption Date at the offices of the paying agents listed below. The coupons for interest due on or before October 1, 1985 should be detached and should be collected in the usual manner.

The Notes will no longer be outstanding after the Redemption Date and interest on the Notes will cease to accrue from and after the Redemption Date and the coupons for such interest shall be void.

Payments at the office of any paying agent outside of the United States will be made by United States dollar check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person, or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

PAYING AGENTS

Morgan Guaranty Trust Company of New York
P. O. Box 161
Morgan House
1 Angel Court
London EC2R 7AE
England

Morgan Guaranty Trust Company of New York
Mainzer Landstrasse 46
6000 Frankfurt-am-Main
West Germany

Morgan Guaranty Trust Company of New York
Avenue des Arts 35
B-1040 Brussels, Belgium

Morgan Guaranty Trust Company of New York
14, Place Vendome
75001 Paris, France

Banque Internationale a Luxembourg S.A.
2 Boulevard Royal
Boite Postale 2205
Luxembourg, Luxembourg

Morgan Bank Nederland NV
12 Tesselschadestraat
P. O. Box 154
Amsterdam, Z., Holland

Swiss Bank Corporation
Aeschenvorstadt No. 1
CH-4002
Basle, Switzerland

By: Morgan Guaranty Trust Company
of New York, Fiscal Agent

August 19, 1985

Boost for index-linked certificates

By George Graham

FEARS of inflation helped the Department for National Savings to a successful launch of its new third issue index-linked certificate.

National Savings sold £59m of the certificate in July, its best monthly sale in the index-linked sector for three years.

Investors cashed in £43m of earlier index-linked issues, known as "granny bonds" because they were initially sold only to retired people. Inflation-proofing was a powerful attraction when the index-linked certificate was first introduced in 1975, but in recent years the certificates have proved consistently unpopular.

The system of variable annual supplements on top of increases in line with the Retail Price Index made it difficult for investors to work out what their certificates were worth.

The new third issue allows investors to gauge in advance the return they will receive over and above the inflation rate —3.54 per cent per year compound if the certificates are held for a full five years

National Savings' net sales on all products in July totalled £41.6m. Accrued interest brought the department's net contribution to government funding to £232.7m for the month.

This leaves National Savings nearly on course for its target of £3bn for the financial year. It will need to achieve net sales of about £50m a month

The main earner last month was the Income Bond, which receives 13.25 per cent gross on sums above £2,000. The Income Bond is National Savings' highest paying account, and its competitive edge is likely to be increased when the building societies lower their investment rates in the coming weeks.

Sales of the 30th issue of fixed interest certificates remained strong at £61m, but investors also cashed in £88m of earlier certificates. The certificate, which offers a return of 8.85 per cent tax free fixed for a five-year term, is expected to boost sales this month as investors seek to lock in the present level of interest rates.

National Savings now administers £29.9bn, with a further £885m of gilt-edged stocks on the National Savings Stock Register.

This notice complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland and does not constitute an offer of, or invitation to subscribe for or purchase, any securities.

American Express Credit Corporation

(A corporation organized under the laws of the State of Delaware, United States, with limited liability)

Yen 25,000,000,000

8% Dual Currency Senior Bonds Due 1995

Offering Price 100.50%, Plus Accrued Interest

The following have agreed to subscribe or procure subscribers for the Bonds:-

Shearson Lehman Brothers International
Nomura International Limited
LTCB International Limited
Yasuda Trust Europe Limited
Amro International Limited
Bank of Tokyo International Limited
Banque Bruxelles Lambert S.A.
Commerzbank Aktiengesellschaft
Crédit Lyonnais
Dai-Ichi Kangyo International Limited
Daiwa Europe Limited
Dresdner Bank Aktiengesellschaft
IBJ International Limited
Lloyds Merchant Bank Limited
Mitsubishi Trust & Banking Corporation (Europe) SA
Mitsui Finance International Limited
The Nikko Securities Co., (Europe) Ltd.
Swiss Bank Corporation International Limited
Yamaichi International (Europe) Limited

Application has been made to the Council of The Stock Exchange for the Bonds to be admitted to the Official List. Interest on the Bonds is payable annually in arrear on 4th September, the first such payment being due on 4th September, 1986.

Listing particulars relating to American Express Credit Corporation and the Bonds are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including 21st August, 1985 from the Company Announcements Office of The Stock Exchange and up to and including 2nd September, 1985 from:-

Nomura International Limited,
Nomura House,
24 Monument Street,
London EC3R 8AJ

The Long-Term Credit Bank of Japan, Limited,
London Branch,
18 King William Street,
London EC4N 7BR

Morgan Guaranty Trust Company of New York,
1 Angel Court,
London EC2R 7AF

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

L. Messel & Co.,
1 Finsbury Avenue,
London EC2M 2QE

19th August, 1985

هكذا من الأصل

INTERNATIONAL APPOINTMENTS

Ernst & Whinney names new vice-chairman

BY PHILLIP HALLIDAY

ERNST & WHINNEY International, the worldwide partnership of accountants Ernst & Whinney, has appointed Mr Bruce D. Dixon to tho newly created position of vice-chairman and chief executive.

Ernst & Whinney International (EWI), based in New York, was formed in 1979 to provide uniformity and to centralise the association of firms that operate throughout the world under the name of Ernst & Whinney.

EWI has 2,000 partners and employs approximately 24,000 people in 75 countries, providing audit, tax and management consulting services.

Mr Dixon, who was vice chairman of Ernst & Whinney in tho U.S., takes up his new post on October 1st. He will be responsible for directing the planning of the firms worldwide growth and development.

"We felt it was time to look again at how we are organised and how we should move forward" said Mr Peter Godfrey, senior partner of Ernst & Whinney in the UK and member of the International Executive Committee, the ultimate decision making body of EWI.

The firm needs some longer-term planning with more central direction "to be competitive and economic," Mr Godfrey said. The various countries in which EWI operates have different accounting regulations.

One of the areas which EWI hope to develop will be the use of micro computers for audits. Mr Dixon's office will provide the central organisation needed for this venture.

In the UK Ernst and Whinney last week won a contest among four short-listed firms to be National Coal Board auditor, succeeding KMG Thomas McLintock, which had held the post since 1946.

Asea chooses man for new finance post

By David Brown in Stockholm

MR LARS H. THUNELL, 37, has been appointed to the new post of executive vice-president for finance at Asea, the Swedish electrical engineering and electronics group.

Mr Thunell has heen finance director at Asea since 1983. His appointment reflects the growing emphasis being placed on international fund management at the group, e spokesman said.

Asea recently formed e new finance subsidiary to take over management of its rapidly growing liquid assets.

Mr Thunell, who studied et the Harvard Business School, was employed by the American Express company in 1977, where be became vice-president for finance in 1981.

Syntex names research head

SYNTEX, tho California-based health-care company, has named Dr Robert A. Lewis director of basic research. Dr Lewis, who is associate professor of medicine at Harvard Medical School, will be responsible for directing the company's basic research efforts with particular emphasis on attempts to discover compounds which may be useful in the treatment of cancer.

Syntex has also elected Mr Paul Freiman to the post of senior vice president with responsibility for the company's human pharmaceutical marketing, production and quality control.

Crownx president takes early retirement

BY OUR FINANCIAL STAFF

MR ROBERT BANDEEN, who left the presidency of Canadian Netional Railways four years ago to become president of Crownx, the non-insurance operation of Crown Life Insurance, Toronto, is taking early retirement. He will continue as chairman of Crown Life Insurance and vice-chairman and e director of Crownx. Crownx chairman Mr Michael Burns succeeds Mr Bandeen as president.

* * *

NATIONAL DISTILLERS and Chemical Corporation, the diversified U.S. company with interests in petrochemicals, alcoholic beverages and property insurance, has announced that Mr John Hoyt Stookey will become chairman and chief executive when Mr Drummond C. Bell retires in April.

* * *

MARYLAND NATIONAL Bank, the U.S. bank with assets of $7bn, has appointed Mr Charles E. Meech and Mr Benny J. Larsen managing directors of Maryland Bank International, its wholly-owned, Luxembourg-based merchant banking subsidiary.

Maryland Bank International, which has changed its name from Norwest American Bank, was recently acquired by Maryland National from Norwest Bank of Minneapolis.

* * *

ROCKWELL INTERNATIONAL Corporation, the U.S.-based manufacturer of military aircraft and electronics space systems, has named Mr Robert A. Calder as general managing director body components business-Europe.

Mr Calder will be responsible for designing, manufacturing and marketing mechanical and electromechanical instruments for cars and trucks.

* * *

BIOGEN, the Swiss/American genetic engineering company, has appointed Mr William J. Leaver controller. Mr Leaver, formerly with Collaborative Research, another bio-technology company, will be in charge of accounting for Biogen's worldwido activities.

* * *

DISTILLERS SOMERSET Group, the New-York based importer of wines and spirits, recently acquired by Distillers, has reallocated responsibilities within its marketing and sales area.

Mr Richard F. Vreeland has been appointed executive vice president marketing and sales. Mr Roger W. Slone has been appointed senior vice president, director of marketing.

* * *

COASTAL CORPORATION, the Texas-based diversified energy company with interests in natural gas pipelines and oil and gas exploration has elected Mr James L. Van Lanen senior vice-president.

Mr Van Lanen will be responsible for the combined coal operations of Coastal Corporation and its subsidiary, American Natural Resources Company.

The coal operations are located in Utah, Virginia, West Virginia and Kentucky.

Changes at American Express

By Our Financial Staff

AMERICAN EXPRESS Company, the U.S.-based diversified financial services group, has appointed Mr G. Richard Thoman (above) to the post of president of the international division of American Express Travel Related Services Company (TRS), the wholly - owned subsidiary which comprises the travel, payment and communications businesses of American Express Company.

In his new position, Mr Thoman will be responsible for all TRS Company activities outside the U.S.

American Express Bank, the wholly-owned international banking arm of American Express Company, has elected Mr Gary L. Johns and Mr Robert J. Simmons, senior vice presidents.

American Express Bank has an international network of 82 offices in 39 countries.

Texas bank in policy review

By Our Financial Staff

FIRST CITY Bancorporation of Texas, the 24th largest banking group in the U.S., has appointed Mr Henry M. Nelly to the position of senior vice president and senior credit officer.

Mr Nelly will be responsible for loan review and general corporate credit policy.

First City, which recently cut its dividend by 54 per cent, has suffered from the poor trading conditions in the energy industry.

F.T. CROSSWORD PUZZLE No. 5,799

ACROSS

1 Old maid? (7-5)
10 There's a number to be surrounded by gold in autumn (7)
11 Excused duty? (3-4)
12 Many a safari includes this African lake (5)
13 It may be put on disc (8)
15 Time for a pop festival? (7, 3)
16 Be a socially-acceptable lover (4)
18 Cheap papers enjoyed by students (4)
20 Finish — a sentence? (3, 1, 4, 2)
22 Don't come—give support elsewhere (4, 4)
24 Strange sense of locality in Germany (5)
26 Rain breaks with black magic in E. Africa (7)
27 She eats her salad (7)
28 Undiscovered aptitude for the double anagram (6, 6)

DOWN

2 Exemplary piece of literary work (7)
3 It braves a new order, but trembles (8)
4 Annoy an informer (4)
5 Taking money out for retirement (10)
6 Veto on discredited U.S. leader (5)
7 Hire one for the female lead (7)
8 It's cheap, and any number can get it apparently (5, 3, 1, 4)
9 Successfully persuade others to have a private road built? (3, 4, 3, 3)
14 Aunt is cool about kissing (10)
17 Herein a peculiar tale, out of this world (8)
19 Very cold, in a Gallic way (7)
21 Bill goes to the North gate (7)
23 Jack in? Not exactly (5)
25 Let it be one sort of square in another (4)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

UK APPOINTMENTS

New British Gas finance structure

BRITISH GAS is changing its main finance structure. Three chief accountants have been eppointed who will each concentrate on ectivities previously spread ecross a number of departments.

The organisation will consist of four departments one, that of the chief accountant, exploration companies, remains unchanged. The other three departments, each headed up by a chief accountant, will cover headquarters activity, industry and planning.

Mr David Miller becomes the chief accountant, headquarters, Mr Brian Murphy chief eccountant, industry, and Mr Stuart Anderson chief accountant, planning. Mr John White remains chief accountant, exploration companies.

*

Mr Gerrit van der Woude, former director of IBM UK, has been made chairman of STONEFIELD of Horsham, West Sussex, manufacturers of micro-processor controls and image processing systems. He is chairman of Northern Star Insurance Company and previously held senior executive posts with IBM Europe.

*

Honter Saphir has appointed Mr Kenneth Lench managing director of its subsidiary SAPHIR FOODS and Mr Ian Walton and Mr Peter Austin divisional managing directors of Hunter Produce, another subsidiary.

By mutual agreement Mr Anthony Wilson, group managing director, will be leaving the company in February 1986. Mr David Mollison, finance director, will also be leaving and his replacement will be announced in the near future, the company said.

*

Mr T. R. Burton has been appointed managing director of HELLERMANN ELECTRIC, the Plymouth-based cable accessory and heatshrink product division of Bowthorpe Holdings.

Mr Burton joins Hellermann Electric from ITT Cannon of Basingstoke. He was previously with ICL Logiclayer, Manchester.

CONTRACTS

Hilton announces orders totalling more than £4m

W. C. HILTON & SONS, Haywards Heath, has won over £4m worth of work, including 39 houses at Hyde Drive, Ifield, on behalf of Pegasus Homes of Guildford (for completion January 1986) with a contract value £746,000. It is the first phase of an 81-unit scheme; 43,700 sq ft extension of the Arun District Council offices in Littlehampton (completion August 1986). The extension is being constructed in association with Condor (Southern) at a cost of £643,890; 19 houses at Marden, Kent, for Crest Homes, contract value is £606,500; demolition of three retail units followed by construction of shops at Montague Street, Worthing, for Crest Estates, completion of the £260,000 order is scheduled for January 1986; and construction of prestige £1.4m two-storey offices in Perrymount Road, Haywards Heath, on behalf of Hilton Investments and Electricity Supply Nominees. Completion scheduled for January 1986.

*

ALLEN-FOX CONSTRUCTION a member of the Wigan-based Allen Group, has been awarded e civils contract at Ford Motor Co, Halewood, value £538,000. Orders have also been received for a production building at Laporte Industries, Widnes, and a factory refurbishment contract for Schrieber Furniture, Runcorn.

*

ANALYSIS AUTOMATION, Oxford, has won an order from the British Steel Corporation for microprocessor-controlled gas sampling equipment and computer systems worth in the region of £100,000. To be installed in the basic oxygen steelmaking plant at BSC Port Talbot Works, it will be used to improve the control quality in the steelmaking process.

*

CRITTALL TECTONIC, part of the Norcros Group's construction division, has won contracts totalling £1.38m for curtain walling and patent glazing. The largest order, amounting to £653,000, involves supplying external aluminium cladding for four three-storey buildings at Oldham and District General Hospital. A £190,000 contract has been won for the design, manufacture and installation of coach-head, semicircle and oval shaped windows in the refurbished facade of 20 Finsbury Circus, formerly Broad Street Place, in London. An overseas order worth £183,000 for the manufacture of Thermaflow ventilators has been placed by Alfsen og Gunderson of Oslo, Norway.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	62.2	66.2	+0.1	5.46
Accum Units	92.0	97.9	+0.2	3.46
Pearl Inc.	88.0	93.4	+0.3	5.07
Pearl Unit Tst.	91.9	97.8	+0.3	9.17
(Accum. Units)	155.5	165.4	+0.6	4.17

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	178.8	191.9	.....	1.53
Income	136.8	146.5	+0.7	5.43
Worldwide Recovery	102.0	109.5	-0.1	2.15
American Growth	55.8	59.9	-0.1	0.71
Intl. Emerging Cos.	57.7	61.9	-0.1	0.78
Far East Growth Fd.	46.0	49.4	-0.2	1.0

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544/7

Prolific Far East	99.6	106.7	+0.4	0.30
Prolific Extra Inc.	63.9	65.3	+0.3	6.31
Prolific Gilt Cap.	82.3	95.6		3.21
Prolific High Inc.	127.9	136.4	+0.6	5.47
Prolific Intl.	80.9	86.7	+0.3	1.72
Prolific N. Amer.	114.0	122.6	-0.3	2.65
Prolific Spec. Sits.	137.9	147.0	+1.0	1.50
Prolific Technology	98.9	106.0	+0.1	0.84

Providence Capital Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	48.1	51.0	+0.9	—
Worldwide	47.1	49.9	+0.1	2.86
European Trust	49.9	52.8	....	2.20
North American	47.5	50.3	-0.3	2.01
UK Equity	49.2	52.1	+0.2	4.06

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL. 01-478 3377

Holborn Equity Tst.	320.5	340.9	+0.8	3.46
Holborn Gilt Tst.	154.7	161.6	+0.6	7.79
Holborn High Inc.	54.5	57.9		7.13
Holborn Intl.	58.3	62.0	+0.8	0.55
Holborn UK Growth	63.0	67.0	+0.3	3.39

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse, Andover, Hants, SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	89.8	95.6	-0.2	1.53
Do. Accum.	93.5	99.5	-0.4	1.59
TSB Extra Income	81.0	86.2	+0.2	6.62
Do. Accum.	93.2	99.2	+0.1	6.62
TSB General	118.6	126.1	+0.4	3.44
Do. Accum.	192.1	204.3	+0.7	3.44
TSB Gilt & Fxd Int.	47.2	49.2		9.41
Do. Accum.	58.0	60.5	-0.1	9.41
TSB Income	160.2	172.6	+0.8	5.11
Do. Accum.	244.9	260.2	+1.2	5.11
TSB Pacific	100.2	106.6	+0.2	0.62
Do. Accum.	102.7	109.3	+0.2	0.62
TSB International	222.2	236.4	-0.3	1.90
Do. Accum.	270.5	287.8	-0.3	1.90
TSB Natural Resources	44.9	47.8	+0.4	2.11
Do. Accum.	45.4	48.3	+0.4	2.11
TSB Spec. Opps.	46.2	48.2	+0.2	2.55
Do. Accum.	49.7	52.9	+0.2	2.56

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

Small Co's Fund	64.2	68.7	-0.1	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	63.4	67.8	+0.3	0.28
Australia	30.5	32.5		0.10
Commodity	86.1	93.2	-0.4	2.01
Energy	38.6	41.2	+0.7	0.33
Equity	98.9	105.5	+0.4	3.86
European Spec. Sits.	53.3	57.0		0.64
Extra Income	88.4	94.5	+0.2	8.60
Financial	207.6	221.4	+2.3	2.57
Gilt Capital	222.7	233.3	+0.2	3.25
Gilt Income	99.5	104.2		8.69
Gold Income	58.7	62.8	-0.8	1.87
Gold Acc.	107.2	114.7	-1.4	1.87
Income	58.9	63.3		4.90
Japan	43.2	46.1	+0.2	0.10
Malaysia & Singapore	22.7	24.2		0.67
Pacific Income	61.4	65.7	-0.2	0.51
[illegible]				

[illegible]

INSURANCES

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ... 52.1 58

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... 513.18 ... +0.36
Inv. Adv. M. & G. Inv. Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ... 59.28
Dynamic Gwth Fd ... 53.32

Money Market Trust Funds

	Gross	Net	Gr Eqiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.35	—		3-mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.49	8.98	12.73	6-mth
7-day Fnd	11.42	8.94	12.04	6-mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.44	8.98	12.58	6-mth
7-day Fund	11.57	8.92	12.31	6-mth
Dollar	7.75	—	—	4-mth
Money Mngt. A/c	11.125	8.91	12.43	3-mth

Money Market Bank Accounts

	Gross	Net	Gr Eqiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh, EH2 4DF 031-225 8484				
Full Service Cur Acc	11.25	8.00	11.93	Qtr
Allied Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.575	8.56	12.15	Qtr
Mth. Int. Chq.	11.25	8.41	12.68	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	11.00	8.25	12.10	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.0	8.25	12.32	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.15	8.32	12.71	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.25	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Cheque Plus	—	9.00	13.30	Qtr
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.00	8.97	13.26	Qtr
Darlington & Co Ltd Darlington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	11.00	8.22	12.27	Qtr
Edward Manson & Co Ltd 9 Hearietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc	11.50	8.59	12.90	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	11.0	8.22	12.10	Mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
High Int Cheque	11.25	8.25	—	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	11.500	8.59	12.280	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	11.125	8.31	12.35	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq Acc	10.70	8.30	11.93	Qtr
Provincial Trust (formerly Chagtertons) 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc	11.50	8.60	13.00	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.0	8.22	12.27	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.70	8.00	11.09	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	11.27	8.42	12.59	Qtr
Monthly Acc.	11.37	8.50	12.70	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	11.04	8.25	12.49	Mth
Over £10,000	11.29	8.44	12.75	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL 1SE 0752 24141				
High Int Chq Acc	11.56	8.64	12.24	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Eqiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ¶ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	16	Marks & Spencer	12
BAT	32	Midland Bk	33
BOC Grp.	25	NEI	8
BSR	16	Nat West Bk	60
BTR	52	P & O Dfd	36
Babcock	14	Plessey	17
Barclays	48	Polly Peck	26
Beecham	32	Racal Elect	18
Blue Circle	45	RHM	11
Boots	15	Rank Org Ord	32
Bowaters	20	Reed Intnl	50
Brit Aerospace	33	Sears	8
Brit. Telecom	11	TI	20
Brown (J.)	3	Tesco	20
Burton Ord	39	Thorn EMI	35
Cadburys	14	Trust Houses	13
Charter Cons.	18	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	12½	Vickers	19
Debenhams	17½	**Property**	
Distillers	28	Brit Land	12
FNFC	8½	Cap Counties	18
Gen Accident	45	Land Secs	25
Gen Electric	17	MEPC	28
Glaxo	85	Peachey	22
Grand Met	25	Samuel Props	14
GUS 'A'	60	**Oils**	
Guardian	60	Brit. Oil & Min.	4
GKN	17	Brit Petroleum	42
Hanson Tst.	17½	Burmah Oil	18
Hawker Sidd	38	Charterhall	6
ICI	69	Premier	5
'Imps'	18	Shell	60
Jaguar	28	Tricentrol	18
Ladbroke	24	Ultramar	19
Legal & Gen	50	**Mines**	
Lex Service	28	Cons Gold	44
Lloyds Bank	45	Lonrho	14
Lucas Inds	25	Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
22 May	22 Nov	Exch. 12¼pc 1985	100 [illegible]	15.4	12.23	10.87
25 Aug	25 Feb	Exch 11¼pc '86	100[illegible]	19.7	11.69	10.66
11 Oct	11 Apr	Treas. 10pc Cnv 1986	99[illegible]	5.3	10.05	10.73
19 Nov	19 May	Treas 3pc 1986	95[illegible]	12.4	3.14	9.41
19 Nov	19 May	Exch. 10½pc Cv '86	99[illegible]	12.4	10.52	10.67
12 Dec	12 Jun	Treas 12pc 1986	101	7.5	11.88	10.59
10 Jan	10 Jul	Treas 8½pc 1984-86‡‡	98[illegible]	3.6	8.65	10.41
29 Apr	29 Oct	Exch. 14pc 1986	103[illegible]	25.3	13.51	10.60
21 May	21 Nov	Exch. 2½pc 1986	93[illegible]	15.4	2.67	7.78
22 Jul	22 Jan	Exch. 11¼pc 1987	103[illegible]	17.6	12.80	10.48
10 Aug	10 Feb	Treas 10¼pcCv '87	99[illegible]	4.7	10.30	10.59
24 Aug	24 Feb	Exch 2½pc 1987	92[illegible]	18.1	2.71	8.02
6 Oct	6 Apr	Exch. 10½pc 1987	99[illegible]	1.3	10.53	10.68
1 Nov	1 May	Funding 6½pc '85-87‡‡	94[illegible]	25.3	6.90	10.28
12 Dec	12 Jun	Treas. 10pc 1987	98[illegible]	7.5	10.11	10.62
14 Jan	14 Jul	Treas 3pc 1987	90[illegible]	7.6	3.32	8.58
3 May	3 Nov	Treas. 12pc 1987	102[illegible]	27.3	11.71	10.64
26 Jul	26 Jan	Treas 7¾pc 1985-88‡‡	94[illegible]	19.6	8.19	10.27
10 Nov	10 May	Exch 10½pc '88	99[illegible]	3.4	10.53	10.58
14 Dec	14 Jun	Treas 9¾pc Cv '88	97[illegible]	8.5	9.97	10.64
1 Jan	1 Jul	Transport 3pc '78-88	86[illegible]	28.5	3.48	8.53
25 Apr	25 Oct	Treas. 9½pc '88	96[illegible]	19.3	9.81	10.68
22 Aug	22 Feb	Treas 11½pc 1989	102[illegible]	16.7	11.23	10.84
18 Oct	18 Apr	Treas 9½pc Cnv. '89	96[illegible]	12.3	9.86	10.70
15 Nov	15 May	Treas 3pc 1989	81[illegible]	—	3.68	8.88
14 Dec	14 Jun	Treas 10½pc 1989	99[illegible]	8.5	10.56	10.66
1 Feb	1 Aug	Exch. 10pc 1989	97[illegible]	25.6	10.24	10.73
29 Mar	29 Sep	Exch 11pc 1989	100[illegible]	20.2	10.93	10.78
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for December 1984: 358.5 and for July 1985: 375.7.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's
—		Centennial Min'ls	135	—	—	—	—
—		Colby Res. Corp.	70	—	—	—	—
Aug.	Feb	Cons. Murch. 10c	287	15.7	10100c	1.4	£19
—		Ennex Int. Ir10p	25	—	—	—	—
Sept	Feb	Hampton Areas 10p	145	29.7	3.75	0.9	3.5
—		Highwood Res.	170	—	—	—	—
May	Aug	Homestake Mining $1	£19	22.5	020c	—	7.6
—		McFinley Red Lake	245	—	—	—	—
—		Mosto Explorations	325	—	—	—	—
—		New Satoro Res C$1	48	—	—	—	—
—		Northgate C$1	290	9.7	—	—	—
Jan.	July	RTZ	555	15	20.0	2.7	5.1
Jan	July	Do. 9½pc Ln '95-2000	£123½	1.15	Q9½%	14.0	7.8
—		Tara Expln $1	£10¼	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ∎ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

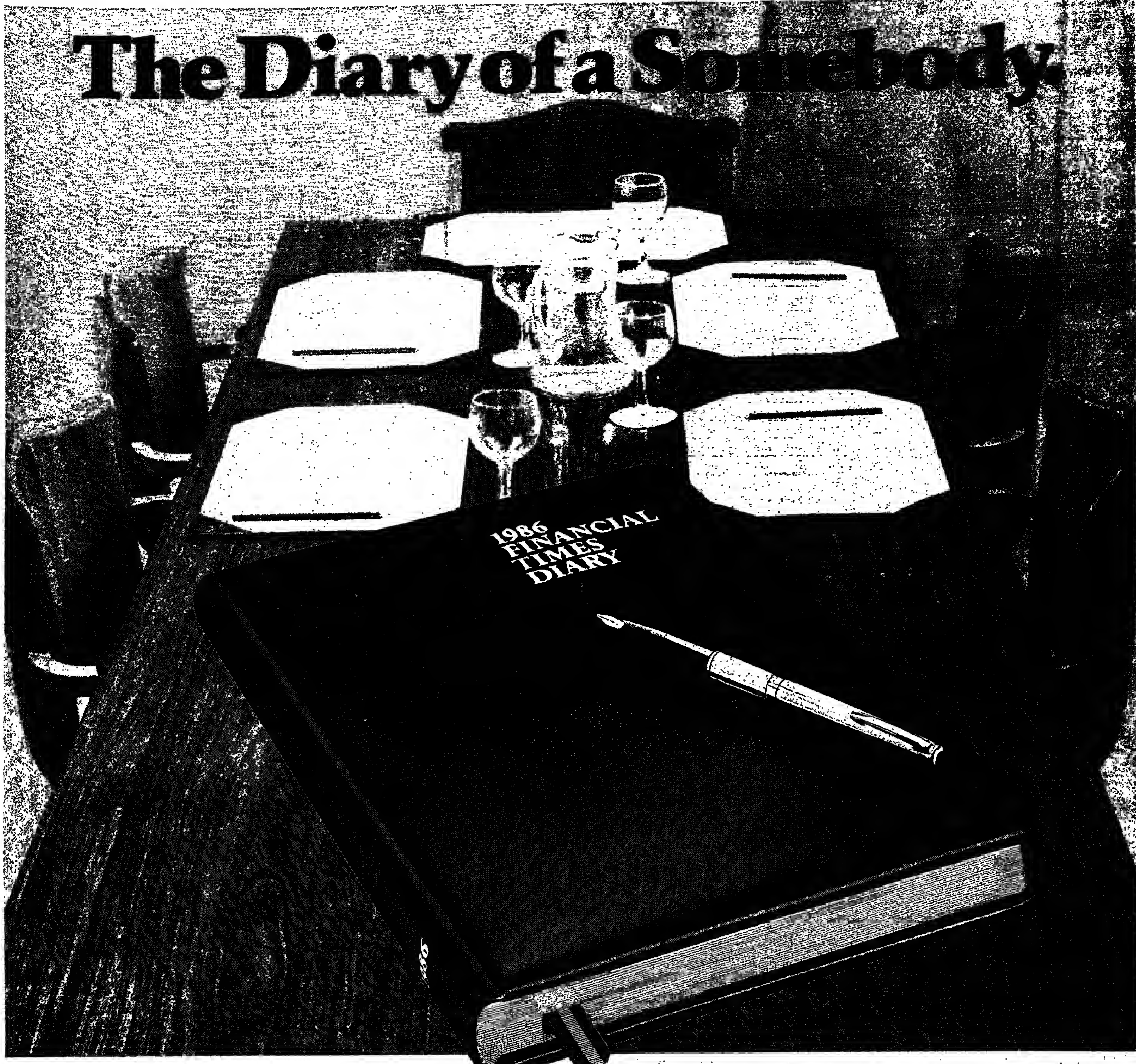
REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	96	...	Arnott	180	
Craig & Rose £1	700		CPI Hldgs.	61	+5
Finlay Pkg. 5p	61	...	Carroll Inds	146	
Higsons Brew	235	..	Dublin Gas	70	...
Holt (Jos) 25p	730	..	Hall (R. & H.)	58	
Toko Sim £1	85	...	Heiton Hldgs.	19	
IRISH			Irish Ropes	46	
Fund 11¾% 1988	£101¼	..	Jacob (W. & R.)	80	
Nat. 9¼% 84/89	£97½	...	Unidare	95xd	
Fin. 13% 97/02	£110¼	..			

"Recent Issues" and "Rights" Page 10
(International Edition Page 14)

The Diary of a Somebody.



The Financial Times Diary. It's made with somebody like you in mind. Somebody who sets themselves high standards in the business world and wants a diary to reflect their efficiency and attention to detail.

A diary that carries all the prestige and authority of the Financial Times, a newspaper unrivalled for its interpretation of international business and finance, and draws upon that expertise to produce the most sought after business diary in the world.

A diary that creates an immediate impression with its classic good looks. Because only the finest quality materials are used by highly skilled craftsmen. With its handsome leather covers, crisp white paper, gilt edging and specially woven marker ribbon, the Financial Times Diary will take pride of place on your desk.

However, the Financial Times Diary is no mere status symbol. It provides instant access to a vast stock of practical information for the business traveller and office-based executive alike. From the international directory section with detailed profiles on 80 countries and French/German business vocabulary; to the set of planner charts covering meetings, engagements and monthly expenses. Even the diary pages themselves are thoughtfully designed to run from 2nd December 1985 to 1st February 1987 to ensure you have a smooth changeover from one year to another.

You can add further distinction to your desk by ordering attractive matching products, all in rich black leather or burgundy bonded leather, a Pocket Diary (with optional leather wallet), a Pocket Address Book and Desk Address Book. Both Diaries are also available in hardwearing black leathercloth making them stylish yet competitively priced.

The pride of the Financial Times Diary range is our superb limited edition Chairman's Set. A Desk and Pocket Diary fashioned in luxurious brown hide by master craftsmen, with distinctive script lettering and silk ribbon markers. Encased in a stylish presentation box complete with numbered certificate it represents the ultimate in quality diaries.

We like to think that we've thought of all your needs when producing the world's leading business diary. So that all that remains is the finishing touch – your name or initials gold blocked on the cover. Choose the Diary as a business gift to valued clients and we can add their names instead, together with your company logo. Little extras that show you think they're somebody special.

Naturally, with such impeccable credentials, demand is high. That is why it really is essential to order now while the full range of products in a complete choice of finishes is available.

Financial Times Business Information, Diary Department, Minster House, Arthur Street, London EC4R 9AX.

Please send me the following items from the prestigious Financial Times Diary Range: (complete quantity and value columns below).

FOR OFFICE USE ONLY		TYPE OF DIARY		PRICE G.B. & N. IRELAND £ p	QTY.	PRICE OVERSEAS £ p	QTY.	VALUE £ p
07171	0506	Chairman's Set (Desk and Pocket Diary)		74.00		80.00		
07006	0451	Desk Diary, black leather		41.05		44.35		
07018	0475	Desk Diary, burgundy bonded leather		27.95		31.25		
07020	0499	Desk Diary, black leathercloth		15.55		18.85		
07031	0457	Pocket Diary, black leather		9.10		9.20		
07043	0481	Pocket Diary, burgundy bonded leather		7.95		8.00		
07262	0561	Pocket Diary, black leathercloth		7.15		7.20		
07055	0463	Pocket Diary and black leather Wallet		20.40		20.60		
07067	0487	Pocket Diary and burgundy leather Wallet		18.70		18.85		
07079	0469	Desk Address Book, black leather		15.00		15.70		
07080	0493	Desk Address Book, burgundy bonded leather		12.05		12.75		
07158	0511	Pocket Address Book, black leather		9.35		9.45		
07160	0516	Pocket Address Book, burgundy bonded leather		8.50		8.55		
07092	0883	*GOLD BLOCKING (optional extra)	Initials and Surname	2.90		2.90		
07109	0883		Initials only	1.45		1.45		

*Gold Blocking. If you require this service please give precise instructions for each item on a separate sheet of paper.

Sub Total (excl of VAT)

Add 15% VAT unless you are outside Great Britain and Northern Ireland.

TOTAL AMOUNT

Please note payment must accompany order.
Invoices will be issued only on orders over £100 from UK registered companies.
Post to Diary Department, Financial Times Business Information, FREEPOST, London EC4B 4DT. (No stamp needed in UK.)
Overseas customers should write to Diary Department, Minster House, Arthur Street, London EC4R 9AX.

I enclose crossed cheque/PO for £__________ Remittances should be made payable to FT Business Information Ltd.
Payment may also be made by credit or charge card.
Tick choice: VISA ☐ AMEX ☐ ACCESS ☐ DINERS CLUB ☐
Expiry Date ☐☐☐☐ Card Number ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐
I understand that if I am not totally satisfied with my purchase(s), I may return it/them within 28 days for a full no-questions-asked refund. (Not applicable on gold blocked items.)

Name (Mr/Mrs/Miss/Ms) (PLEASE PRINT) __________
Company __________
Position __________
Address __________
Postcode __________ Telephone __________
Signed __________ Date __________

The Financial Times Diary is also available at Ryman and other selected stores. FT Business Information Ltd., Registered Office, Bracken House, 10 Cannon Street, London EC4P 4BY. Reg. No. 980896. 704

Bulk discounts of up to 25% are available. Please telephone (01) 623 7409 for details.

WORLD STOCK MARKETS

Indices

NEW YORK

DOW JONES

	Aug. 16	Aug. 15	Aug. 14	Aug 13	Aug. 12	1985 High	1985 Low	Since Comp'n High	Since Comp'n Low
●Industri'ls	1312.72	1317.76	1316.98	1315.30	1314.29	1559.54 (19/7)	1184.96 (8/1)	1559.54 (19/7/85)	41.22 (2/7/32)
Home Bnds	79.23	79.21	79.19	79.16	79.11	80.65 (16/7)	72.27 (29/8)	—	—
Transport..	666.78	671.00	674.16	673.62	675.21	702.6 (17/7)	563.03 (4/1)	702.6 (17/7/85)	12.59 (8/7/32)
Utilities	157.21	157.26	156.19	155.37	154.95	168.91 (12/7)	146.64 (4/1)	168.91 (12/7/85)	10.5 (28/4/42)
TradingVol 000's	87,910	86,100	85,780	80,300	77,340	—	—	—	—

●Day's High 1524.71 (1326.05) low 1308.13 (1311.38)

Industrial div. yield %	Aug 9	Aug 2	July 26	year ago (approx)
	4.65	4.56	4.52	4.66

STANDARD AND POORS

	Aug. 16	Aug. 15	Aug. 14	Aug. 13	Aug. 12	1985 High	1985 Low	Since Comp'n High	Since Comp'n Low
Indust'ls....	205.80	208.03	208.29	208.28	208.65	215.83 (18/7)	128.24 (4/1)	215.83 (18/7/85)	3.62 (30/6/32)
Comp's'te.	186.10	187.26	187.41	127.30	187.63	195.65 (17/7)	163.68 (4/1)	195.65 (17/7/85)	4.40 (1/6/32)

Industrial div. yield	Aug. 7	July 31	July 24	year ago (approx)
	3.74	3.67	3.66	3.92
Industrial P/E ratio	11.84	19.03	12.07	11.45
Long Gov. Bond yield	10.73	10.75	10.64	12.60

N.Y.S.E. ALL COMMON

Aug 16	Aug 15	Aug 14	Aug. 13	1985 High	1985 Low
107.81	108.56	108.62	108.54	115.49 (17/7)	94.60 (4/1)

Rises and Falls

	Aug. 16	Aug 15	Aug. 14
Issues Traded	1,979	2,019	1,977
Rises	696	749	871
Falls	1089	700	608
Unchanged	494	670	498
New Highs	—	39	36
New Lows	—	13	16

TORONTO	Aug. 16	Aug 15	Aug. 14	Aug 13	1985 High	1985 Low
Metals & Minerals	(u)	2082.4	2072.5	2071.2	2190.07 (16/2)	1659.3 (8/7)
Composite	2791.5	2799.0	2785.1	2776.7	2804.6 (26/7)	2348.5 (8/1)
MONTREAL Portfolio	136.11	138.42	136.12	135.31	139.33 (19/7)	117.00 (4/1)

	Aug. 16	Aug. 15	Aug. 14	Aug. 13	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	956.2	958.9	958.5	954.5	966.9 (15/8)	715.3 (7/1)
Metals & Minls. (1/1/80)	549.7	550.6	555.5	552.4	585.8 (20/5)	392.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	88.85	(e)	87.41	86.76	105.75 (17/6)	65.21 (2/1)
BELGIUM						
Brussels SE (1/1/80)	(c)	(c)	2520.44	2519.67	2384.15 (5/6)	2890.7 (15/1)
DENMARK						
Copenhagen SE (3/1/83)	—	215.55	(u)	215.18	217.86 (6/8)	168.44 (8/1)
FRANCE						
CAC General (31/12/82)	215.90	(e)	216.0	217.9	238.1 (31/5)	180.9 (5/1)
Ind Tendance (28/12/84)	123.9	(c)	122.9	123.5	138.4 (31/5)	100.1 (5/1)
GERMANY						
FAZ Aktien (31/12/58)	481.14	483.85	481.67	479.79	502.62 (5/7)	382.59 (3/1)
Commerzbank (1/12/53)	1418.5	1424.4	1420.0	1412.5	1486.2 (8/7)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1700.37	1694.56	1681.75	1687.09	1709.93 (5/8)	1228.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	352.81	(c)	351.02	354.80	365.61 (7/6)	228.56 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12585.09	12484.9	12518.6	12526.7	13040.1 (6/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1011.88	1005.55	1000.64	984.51	1057.55 (10/7)	916.85 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	214.8	215.1	216.1	518.7	221.2 (5/7)	185.6 (5/1)
ANP-CBS Indust (1970)	189.5	188.4	180.9	188.1	190.0 (14/6)	147.3 (8/1)
NORWAY						
Oslo SE (4/1/83)	348.14	342.32	345.07	349.84	350.15 (28/6)	288.16 (2/1)
SINGAPORE						
Straits Times (1966)	756.29	753.49	751.56	751.96	852.85 (7/3)	717.90 (16/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	943.5	—	812.9	824.4	1140.5 (15/4)	829.6 (5/8)
JSE Indust (28/9/78)	952.9	—	927.2	940.5	1056.8 (16/7)	787.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	111.45	(c)	115.65	110.27	117.41 (4/2)	181.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1328.79	1324.31	1342.51	1319.38	1486.98 (11/2)	1285.32 (9/7)
SWITZERLAND						
SwissBankCpn (31/12/58)	461.5	461.8	458.8	458.5	489.1 (5/7)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	518.18	217.0	517.1	224.5 (17/7)	184.6 (4/1)

** Saturday Aug 10: Japan Nikkei-Dow (c). TSE (c).

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Mid-So Util.	6,188,300	9⅛	−1½
Pan Am	2,203,200	8	+⅛
Phillips Pet.	1,376,600	12	+¼
ATT	1,324,400	20⅞	—
IBM	1,259,800	125⅞	−⅛
U.S. Steel	1,136,300	29	−½
Amer. Express.	1,061,600	42⅞	−⅝
Arkla	895,900	19⅞	+⅞
Comw. Ed.	852,400	29⅞	−⅛
Exxon	796,200	50⅜	−1⅛

OVER-THE-COUNTER *Nasdaq national market, closing prices August 16*

Continued from Page 27

CANADA

TORONTO

Closing prices August 16

Sales	Stock	High	Low	Close	Chng
2276	Abti Prce	$20¾	20½	20¾	+¼
300	Acklands	$17½	17½	17½	
22400	Agnico E	$19⅝	19⅝	19⅝	+¾
10500	Agra Ind A	$8⅞	8½	8⅞	+⅜
26026	All Energy	$18⅞	18½	18¾	
12130	Alta Nat	$14¾	14½	14⅝	
1720	Algoma St	$20½	20¼	20¼	−¾
500	Argcen	$23¼	23¼	23¼	
3000	Atco I f	$9¾	9½	9½	−¼
6285	BP Canada	$34	33⅝	33¾	
23220	Bank BC	$5½	5⅜	5⅜	−⅛
91305	Bank N S	$13⅞	13⅝	13¾	
294300	Barrick o	198	190	198	+8
43900	Baton A I	$18⅝	18⅜	18⅝	+½
13400	Bonanza R	370	360	365	
3019	Bralorne	450	449	450	
1400	Bramalea	$17½	17¼	17½	
1400	Brenda M	$10	9⅝	10	+¾
75264	BCFP	$10¼	10	10	
38745	BC Res	255	249	252	+4
14927	BC Phone	$22⅞	22⅝	22¾	−⅛
3800	Brunswk	$15⅝	15½	15½	−¼
2000	Budd Can	$33	32¾	32¾	−¼
12160	CAE	$16⅝	16⅜	16½	−⅛
158	CCL A	$17½	17½	17½	−¾
23100	Cad Frv	$12½	12⅜	12½	
7200	Campeau I	$28	27½	28	+¼
4605	C Nor West	$24	23	24	+1
25	C Packrs	$34	34	34	−⅜
59782	Can Trust	$43½	42¾	42¾	−½
8200	C Tung	$11⅝	11½	11½	−¼
400	CGE	$64	64	64	+1
26122	CI Bk Com	$36¼	36	36⅛	−⅛
318462	CTire A I	319	9⅞	9⅞	
400	C Util B	$17⅞	17⅞	17⅞	+⅛
5000	Cara	$16⅝	16½	16⅝	
3721	Celanese	$9¾	9¼	9¼	−½
17250	Centrl Tr	$15	14⅞	15	+⅛
442185	Cineplex	$11¼	10½	11¼	+1
21185	C Distb A	$7½	7⅛	7⅜	+⅛
178977	CDistb B I	$7⅜	7⅛	7¼	
4100	CTL Bank	$11⅛	10⅞	11	
10200	Conventrs	$7	6¾	7	
256	Conwest A	$9¼	8⅞	9¼	−⅜
512050	Coseka R	325	295	325	+25
10200	Corron A	$15	14⅞	14⅞	−⅛
3500	Crownx	$21¾	21⅛	21⅝	
22300	Czar Res	185	175	180	+5
10268	Daon Dev	425	420	425	+3
300	Daon A	415	415	415	−10
5300	Denison A p	$14¼	14	14⅛	
15600	Denison B I	$13⅝	13⅜	13⅜	−⅜
1200	Develcon	$6	5⅞	5⅞	−⅛
53300	Dickran A I	$8⅜	8⅛	8⅜	+⅛
6300	Dickran B	$8¼	8	8⅛	+⅛
17054	Dofasco	$27⅞	27¼	27⅜	−⅜
3800	Doman A	270	260	260	−9
900	Donohue	$17⅝	17¼	17½	+¼
950	Du Pont A	$22⅛	22⅝	22⅝	
12500	Dylex A	$14⅛	13¾	13¾	−⅜
1750	Elechom X	$8⅜	8	8⅜	+⅛
1125	Emco	$21¾	21¼	21¾	−¼

MONTREAL

Closing prices August 16

AUSTRIA

1985 High	1985 Low	Aug. 12	Price Sch %
321	285	Creditanstalt Pfd.	355
655	339	Goesser	466
1,050	400	Interunfall	1,020
383	222	Laenderbank	352
870	335	Perlmooser	570
220	155	Steyr-Daimler	170
620	245	Veitscher Mag	556

DENMARK

1985 High	1985 Low	Aug. 16	Price Knr. %
344	257	Andelsbanken	331
725	520	Baltic Skand	705
342	259	CopHandelsbank	319
675	460	D. Sukkerfab	515
376	260	Danske Bank	364
1,295	1,055	De Danske Luft.	1,265
264	129	East Asiatic	264
1,000	770	Forenede Brygg.	945
174	88	Forenede Damp.	173
482	356	GNT Hldg	480
550	340	I.S.S.B.	530
795	464	Jyske Bank	775
1,895	1,315	Novo Inds	1,315
344	225	Privatbanken	330
309	280	Provinsbanken	398
293	217	Smidth (F.L.) B	279
1,130	880	Sophus Berend	1,130
530	395	Superfos	394

FRANCE

1985 High	1985 Low	Aug 16	Price Frs.
1,775	1,670	Emprunt 4½% 1973	1,627
6,839.9	7,355	Emprunt 7% 1973	8,435
500	955.9	Accor	258
720	546	Air Liquide	581
605	495	BIC	492
2,070	1,601	Bongrain	1,700

ITALY

1985 High	1985 Low	Aug. 16	Price Lire
24,500	16,400	Banca Com'le	25,490
278	165	Bastogi IRBS	928
9,200	3,350	BI-Invest.	5,580
3,630	2,169	Centrale	3,155
4,600	3,876	Credito Varesino	4,429
4,249	2,065	Fiat	3,971
103	46	Finsider	-
57,000	34,450	Generali Assic.	54,050
53,000	24,820	Italcementi	45,200
902.5	529	La Rinascente	869
2,109	1,340	Montedison	2,009
7,960	5,252	Olivetti	6,319
5,950	3,460	Pirelli Co	5,910
3,115	1,926	Pirelli Spa	3,013
6,300	4,320	Saipem	5,945
3,459	2,103	Snia BPD	3,264
17,990	12,420	Toro Assic	16,250
13,200	9,476	do. Pref	12,660

NETHERLANDS

1985 High	1985 Low	Aug. 16	Price Fls
250	188.5	ACF Holding	250
191.5	72	AEGON	98.4
242.2	194	Ahold	638.6
124.6	100.5	AKZO	121.6
522	369	ABN	505xr
277.5	219.8	AMEV	274.5
88.7	65.6	AMRO	86.7
179	146.5	Bredero Cert	165.5
29.5	12.8	Bos Kalis Westm.	16.5
105.5	75.5	Buehrmann-Tet.	105.5
38.7	33	Dalland Nidgs.	37.6
191.5	159	Dordtsche Pet'm	169
156.5	117.6	Elsevier-NDU nv	131
88.5	43.1	Fokker	88.6
217	175.5	Gist-Brocades	212.5
160.4	146.1	Heineken	148
79.4	57.2	Hoogovens	62
60	41.5	Int Mueller	60
64	47.3	KLM	59.9
58	47	Naarden	49.1

JAPAN

1985 High	1985 Low	Aug. 17	Price Yen
1,570	1,049	Ajinomoto	1,100
9,097	1,270	Alps Electric	1,350
1,134	749	Amada	762
1,100	621	Asahi Chem	906
228	605	Asahi Glass	617
675	500	Bridgestone	535
1,480	880	Canon	966
2,060	1,550	Casio Comp.	1,560
1,250	910	Chugai Pharm.	920
596	392	Citizen	398
754	605	Daiei	670
1,100	825	Dai Nippon Ptg	1,080
687	532	Daiwa House	548
494	329	Ebara	455
2,002	1,165	Eisai	1,380
9,300	7,960	Fanuc	7,380
1,840	1,299	Fuji Bank	1,570
9,040	1,550	Fuji Film	2,000
1,320	811	Fujisawa	911
1,360	879	Fujitsu	905
3,540	1,600	Green Cross.	2,320
580	352	Hasegawa	555
973	577	Heiwa Real Est.	801
893	685	Hitachi	703
1,210	1,020	Hitachi Credit.	1,060
1,550	1,210	Honda	1,450
793	680	House Food	773
2,460	1,529	Hoya	1,800
466	323	Itoh C.	417
2,819	2,279	Ito Yokado	9,790
1,480	780	Iwatsu	810
370	315	JACCS	346
8,060	4,860	JAL	6,000
880	660	Jusco	840
478	260	Kajima	463
872	724	Kao Soap	850
763	586	Kashiyama	710
745	548	Kirin	694
1,120	870	Kokuyo	935
640	433	Komatsu	595
748	601	Konishiroku	675
380	318	Kubota	350
838	510	Kumagai	618
7,100	6,516	Kyocera	3,780
930	455	Maeda Const	930
1,460	825	Makino Milling	861
1,280	900	Makita	959
698	300	Marubeni	387
684	540	Marudai	665
1,440	952	Marui	1,450
1,660	1,240	MEI	1,310
678	625	M'ta Elec. Works	878
1,700	1,320	M'bishi Bank	1,600
709	612	M'bishi Corp	624
410	355	M'bishi Elect	355
960	539	M'bishi Estate	922
345	234	MHI	339
455	324	Mitsui Co	422
660	692	Mitsui Estate	856
672	365	Mitsukoshi	635
936	680	NGK Insulators	740
375	210	Nihon Cement	353
1,480	1,246	Nippon Denso	1,290

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Closing prices, August 16

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Prev. Close	Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 27

NYSE COMPOSITE CLOSING PRICES

Continued from Page 26

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20¾	15⅝	RusTog .76		3.8	15	80				
51¼	18	RyanH	1	3.8	11	60	28¼	27¾	27¾	−½
30⅞	22	Ryder s .80		2.1	11	1420	28⅞	28⅛	28⅝	
30	17	Ryland .60		2.6	18	136	25⅞	68	25	−1
20⅛	6½	Rymer			6	49	18	17¾	17¾	−⅜
18¾	11½	Rymer pf1.17		9.6		80	12¼	12	12¼	+⅛
		S S S								
58½	37½	SCM	2	5.7	15	212	54¾	54½	54½	−½
12½	6⅜	SL Ind	.22	1.6	18	6	11¾	11¾	11¾	
32¾	19½	SPSTec .80		2.8	13	172	30	28⅛	28½	−1⅜
19⅝	15	Sabine .64		.5	35	49	15¼	15⅛	15⅛	
21⅝	16	SabnRy2.56e		14.		286	17¾	17¼	17¼	
20⅝	12¼	SigdBs .30		1.8	17	66	19⅛	10⅝	18⅝	−⅛
11⅛	5⅝	SigdSo			30	63	10⅞	10⅝	10⅝	−⅜
2⅞	1¼	SigdS wt				81	2	1⅞	1⅞	−¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE CLOSING PRICES

Closing prices, August 16

OVER-THE-COUNTER

Nasdaq national market, closing prices, August 16

Continued on Page 25

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	91.85	91.86	91.75	91.90
Dec	91.45	91.47	91.35	91.51
March	91.04	91.01	90.94	91.10
June	90.66	90.61	90.57	90.71
Sept	90.30	—	—	90.34

Est volume 4,998 (5,436)
Previous day's open int 20,329 (20,275)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
Sept	88.96	89.01	88.94	88.92
Dec	89.71	89.74	89.66	89.64
March	89.96	89.95	89.91	89.89
June	89.87	89.86	89.85	89.83
Sept	89.80	89.82	89.82	89.82

Est volume 1,498 (1,364)
Previous day's open int 7,418 (7,477)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	112-12	112-18	112-10	112-12
Dec	112-17	—	—	112-17
March	113-01	—	—	113-01

Est volume 906 (2,303)
Previous day's open int 3,503 (2,794)
Basis quote (clean cash price of 13½% Treasury 2004/08 less equivalent price of near futures contract) 16 to 15 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.3990	1.4060	1.3955	1.3900
Dec	1.3890	1.3960	1.3885	1.3795
March	1.3835	—	—	1.3735

Est volume 152 (178)
Previous day's open int 3,210 (3,205)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3638	0.3644	0.3628	0.3618
Dec	0.3671	—	—	0.3652

Est volume 11 (75)
Previous day's open int 217 (236)

SWISS FRANCS SwFr125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4437	0.4438	0.4418	0.4399

Est volume 5 (28)
Previous day's open int 208 (184)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4232	0.4232	0.4222	0.4220
Dec	0.4262	—	—	0.4241
March	0.4275	—	—	0.4264

Est volume 3 (5)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Sept	130.30	130.70	130.05	130.30
Dec	131.00	130.90	130.90	131.50

Est volume 66 (339)
Previous day's open int 1,480 (1,480)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	76-24	76-26	75-20	76-04
Dec	75-21	75-23	74-15	74-31
March	74-21	74-22	73-14	73-30
June	73-23	73-23	72-18	72-30
Sept	72-27	72-27	71-23	72-04
Dec	72-01	72-01	70-30	71-11
March	71-09	71-09	70-12	70-20
June	70-19	70-19	69-17	69-31
Sept	—	—	—	—
Dec	69-13	—	—	68-26
March	68-29	—	—	68-10

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Close	High	Low	Prev
Sept	92.93	92.94	92.78	92.85
Dec	92.60	92.50	92.45	92.53
March	92.25	92.25	92.13	92.17
June	91.90	91.91	91.79	91.83
Sept	91.59	91.60	91.46	91.50
Dec	91.31	91.32	91.16	91.20
March	91.04	91.05	—	90.92
June	90.79	90.80	—	90.67

CERT. DEPOSIT (IMM) $1m points of 100%

	Close	High	Low	Prev
Sept	92.24	92.24	92.11	92.17
Dec	91.86	91.88	91.70	91.78
March	91.44	91.38	91.34	91.35
June	91.06	91.02	—	90.96
Dec	—	—	—	—
June	89.43	89.44	—	89.32

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Close	High	Low	Prev
Sept	91.91	91.92	91.77	91.85
Dec	91.52	91.54	91.36	91.46
March	91.11	91.13	90.95	91.03
June	90.72	90.74	90.58	90.63
Sept	90.27	90.38	90.22	90.27
Dec	90.04	90.06	89.85	89.93
March	89.72	89.73	89.58	89.91
June	89.43	89.44	—	89.32

STERLING (IMM) $ per £

	Close	High	Low	Prev
Sept	1.4005	1.4025	1.3995	1.4005
Sept	1.3960	1.4005	1.3935	1.3905
Dec	1.3870	1.3915	1.3840	1.3895
March	1.3815	1.3860	1.3795	1.3840
June	1.3755	0	0	1.3810

WEEKLY CHANGE IN WORLD INTEREST RATES

	Aug. 16	change		Aug. 10	change
LONDON			NEW YORK		
Base rates	11½	Unch'd	Prime rates	9½	Unch'd
7 day interbank	11⅞	+⅛	Federal funds	8⅛	+⅝
6mth interbank	11⅛	—⅛	3 Mth. Treasury Bills	7.38	—
Treasury Bill Tender	10.8668	—0.086	6 Mth. Treasury Bills	7.79	—
Band 1 Bills	11¼	Unch'd	3 Mth. C D	7.92	+0.22
Band 2 Bills	11⅛	Unch'd			
Band 3 Bills	11¼	Unch'd	FRANKFURT		
Band 4 Bills	11⅛	Unch'd	Lombard	6.5	—0.5
3 Mth. Treasury Bills	10⅞	—¼	One Mth. Interbank	4.70	—0.06
1 Mth. Bank Bills	11⅛	+⅛	Three month	4.70	—0.075
3 Mth. Bank Bills	11	—⅛			
			PARIS		
TOKYO			Intervention Rate	9⅝	Unch'd
One month Bills	6.34370	Unch'd	One Mth. Interbank	9¼	Unch'd
Three month Bills	6.34375	Unch'd	Three month	9⅞	Unch'd
BRUSSELS			MILAN		
One month	9⅛	+⅛	One month	14⅛	Unch'd
Three month	9⅛	+⅛	Three month	14⅛	—½
AMSTERDAM			DUBLIN		
One month	6⅛	—⅛	One month	10¾	Unch'd
Three month	6⅛	—⅛	Three month	10½	Unch'd

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days and band 4 bills 64 to 91 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week.

LIFFE OPTIONS REPORT

Sterling Currency—£25,000 c per £. Record volumes transacted against continued strength of sterling.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
1522	1711	9180	6725

Eurodollar Future—points of 100%. Hesitant cash markets gave rise to steady option volume.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
240	11	392	1198

For full details of settlement prices call: Louisa Powell of LIFFE on 01-623 0444
LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ

FINANCIAL FUTURES

Dollar heads for lower range

BY COLIN MILLHAM

The dollar appeared to be entering a new lower trading range last week, despite statistics, which in different circumstances would have lent strong support to the currency. A level of DM 2.78 was regarded as a significant resistance point and after several attempts the foreign exchange market managed to push the dollar lower, threatening the range of DM 2.70-2.75.

A rise of $5.3bn in weekly U.S. M1 money supply, suggests that growth may not fall back within the Federal Reserve's target range as soon as anticipated. This could also set back any ideas the Federal Reserve may have of cutting its discount rate to stimulate the economy.

Tomorrow's figure on U.S. second quarter gross national product growth is expected to be revised down from the earlier estimate of 1.7 per cent, but last week's statistics were rather confusing. The rise of 0.4 per cent in July retail sales and 0.2 per cent in industrial production for the same months were much in line with market forecasts, but June retail sales were revised down, while June industrial production was revised upwards. The rise in June consumer credit was only $6.79bn compared with $9.04bn in May, but dealers were still concerned that the boom in U.S. spending has been largely import led and this was a factor undermining confidence in the dollar.

Apart from the money supply the other factor which may have been expected to support the dollar was lower European interest rates, with the central banks in the Netherlands and Austria following the German Bundesbank in cutting their discount rates.

But the disappointing growth in the economy so far this year has depressed the U.S. currency. Friday's close in London of DM 2.7575 was the lowest for over a year.

Sterling regained some of its recent lost ground, finishing above $1.40 on Friday for the first time this month, but was about 20 pfennigs below its recent peak in terms of the D-mark.

STERLING INDEX

	Aug 16	Previous
8.30 am	82.4	[illegible]
9.00 am	82.6	[illegible]
10.00 am	82.4	[illegible]
11.00 am	82.2	[illegible]
Noon	82.8	[illegible]
1.00 pm	82.0	[illegible]
2.00 pm	82.0	[illegible]
3.00 pm	82.0	[illegible]
4.00 pm	82.2	[illegible]

£ IN NEW YORK

	Aug. 16	Prev. close
£ Spot	$1.4015-1.4025	$1.4000-1.4010
1 month	0.42-0.41 pm	0.43-0.40pm
3 months	1.08-1.05 pm	1.10-1.07pm
12 months	2.55-2.45 pm	2.60-2.50pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

August 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3960-1.4125	1.4000-1.4010	0.43-0.40c pm	3.56	1.08-1.03pm	3.01
Canada	1.8911-1.9077	1.8925-1.8965	0.45-0.36c pm	2.57	1.04-0.89pm	2.04
Nethlnd.	4.33¼-4.37	4.33¾-4.34¾	2¼-2c pm	5.71	5⅞-5⅝pm	5.30
Belgium	78.00-78.73	78.00-78.10	17-8c pm	1.92	30-12pm	1.08
Denmark	13.99-14.07¾	14.01-14.02	4¼-3¾ore pm	3.21	10¼-9¾pm	2.91
Ireland	1.2430-1.2494	1.2438-1.2448	0.17-0.02p pm	0.92	0.30-0.08pm	0.61
W. Ger.	3.85¾-3.89¾	3.85¾-3.86¾	2¼-2¼pf pm	7.18	6½-5¾pm	6.88
Portugal	227¾-233	228½-231½	65-430c dis	−12.91	440-1505dis	−16.91
Spain	227¾-229¾	228-229¾	70-215c dis	−7.50	240-530dis	−6.75
Italy	2580½-2607¾	2580½-2581½	par-5lire dis	−1.16	12-18dis	−2.32
Norway	11.39¾-11.48½	11.42-11.43	⅝-1⅝ore dis	−1.16	3¾-4½dis	−1.38
France	11.78¾-11.88¾	11.79¾-11.80¾	¾-¼c pm	0.51	2-3dis	−0.85
Sweden	11.53½-11.60¾	11.53½-11.54½	3¾-4¾ore dis	−4.03	10½-11½dis	−3.84
Japan	330½-331½	330¼-331½	1.56-1.46y pm	5.47	3.99-3.85pm	4.74
Austria	27.12-27.29	27.12-27.16	15-13¾gro pm	6.30	40¾-36¾pm	5.84
Switz.	3.15-3.18¾	3.15-3.16	2-1⅝c pm	7.37	5¾-5pm	6.50

Belgian rate is for convertible francs. Financial franc 78.20-78.30. Six-month forward dollar 1.68-1.63c pm. 12-month 2.50-2.35c pm.

FORWARD RATES AGAINST STERLING

	Spot	1-month	3-month	6-month	12-month
Dollar	1.4005	1.3963	1.3899	1.3839	1.3762
D-Mark	3.8575	3.8346	3.7930	3.7445	3.6809
French Franc	11.8025	11.7961	11.8274	11.8876	11.9830
Swiss Franc	3.1550	3.1360	3.1037	3.0634	2.9621
Japanese Yen	331.0	329.52	327.06	323.89	317.84

BANK OF ENGLAND TREASURY BILL TENDER

	Aug. 16	Aug 9		Aug. 16	Aug 9
Bills on offer	£100m	£100m	Top Accepted rate of discount	10.9299%	11.0108%
Total of applications	£410.38m	£431m	Average rate of discount	10.8668%	10.9668%
Total allocated	£100m	£100m	Average yield	11.17%	11.27%
Minimum accepted bid	£97.275	£97.255	Amount on offer at next tender	£100m	£100m
Allotment at minimum level	12%	21%			

DOLLAR SPOT—FORWARD AGAINST DOLLAR

August 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3960-1.4125	1.4000-1.4010	0.43-0.40c pm	3.56	1.08-1.03pm	3.01
Ireland†	1.1223-1.1297	1.1267-1.1277	0.30-0.20c pm	2.67	0.75-0.60pm	2.40
Canada	1.3521-1.3540	1.3530-1.3540	0.10-0.13c dis	−1.02	0.31-0.38dis	−0.98
Nethlnd.	3.0925-3.1145	3.0995-3.1005	0.58-0.55c pm	2.15	1.81-1.77pm	2.31
Belgium	55.75-56.13	55.75-55.85	7-8c dis	−1.71	23-30dis	−1.89
Denmark	9.99-10.02	9.99-9.99½	par-½ore dis	−0.30	par-½dis	−0.10
W. Ger.	2.7460-2.7655	2.7570-2.7580	0.83-0.80pf pm	3.54	2.54-2.51pm	3.66
Portugal	164½-166	164½-165½	100-350c dis	−16.31	450-1200dis	−19.98
Spain	162.20-162.90	162.30-162.50	75-175c dis	−9.21	250-460dis	−8.80
Italy	1844½-1855½	1844½-1845½	8½-10lire dis	−5.99	25-27dis	−5.61
Norway	8.12-8.17½	8.15½-8.16	3-3¼ore dis	−4.78	8¼-8¾dis	−4.41
France	8.39¾-8.45½	8.41¾-8.42¼	2-2½c dis	−3.17	7¼-8½dis	−3.76
Sweden	8.22-8.25½	8.23½-8.24	5-5½ore dis	−7.63	14¼-14¾dis	−7.03
Japan	236.00-237.25	236.70-236.80	0.37-0.32y pm	1.75	1.06-0.98pm	1.74
Austria	19.31-19.42½	19.33-19.35	4¾-4gro pm	2.70	14-11½pm	2.63
Switz.	2.2510-2.2700	2.2580-2.2590	0.72-0.68c pm	3.65	2.02-1.96pm	3.51

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 56.55-56.65.

OTHER CURRENCIES

Aug. 16	£	$		£ Note Rates
Argentina Austral	1.1204-1.1227	0.8000-0.8010	Austria	27.05-27.66
Australia Dollar	1.9965-1.9705	1.4245-1.4265	Belgium	79.00-79.80
Brazil Cruzeiro	9,383-9,418	6,700-6,720	Denmark	13.98-14.12
Finland Markka	8.2070-8.2400	5.8770-5.8790	France	11.77-11.90
Greek Drachma	181.30-185.00	129.60-131.20	Germany	3.85-3.89
Hongkong Dollar	10.8895-10.9375	7.7910-7.7930	Italy	2590-2630
Iran Rial	125.40*	89.50*	Japan	332-335
Kuwait Dinar (KD)	0.4210-0.4220	0.30170-0.30180	Netherlands	4.34-4.38
Luxembourg Fr.	78.00-78.10	55.75-55.85	Norway	11.40-11.51
Malaysia Ringgit	3.4300-3.4360	2.4545-2.4565	Portugal	224-239
New Zealand Dlr.	2.6070-2.6145	1.8586-1.8640	Spain	221-231
Saudi Arab Riyal	5.1015-5.1110	3.6485-3.6505	Sweden	11.54-11.66
Singapore Dollar	3.0750-3.0820	2.2015-2.2035	Switzerland	3.15-3.18
Sth African Rand	3.3275-3.4076	2.3800-2.4400	United States	1.39-1.41
U.A.E. Dirham	5.1325-5.1426	3.6720-3.6780	Yugoslavia	360-405

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	45.1243	+0.65	+9.97	±1.5425
Danish Krone	8.12857	8.06152	−0.82	−0.50	±1.6421
German D-mark	2.23840	2.22499	−0.60	−0.28	±1.1455
French Franc	6.86402	6.80485	−0.86	−0.54	±1.3654
Dutch Guilder	2.52208	2.50670	−0.65	−0.33	±1.5162
Irish Punt	0.724578	0.716319	−1.14	−0.82	±1.6673
Italian Lira	1520.60	1490.96	−1.96	−1.96	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY MOVEMENTS

Aug. 16	Bank of England Index	Morgan Guaranty Change %
Sterling	82.2	−8.4
U.S. dollar	165.9	+23.1
Canadian dollar	86.2	−7.1
Austrian schilling	117.5	+4.9
Belgian franc	91.3	−10.6
Danish Kroner	80.4	−4.6
Deutsche mark	127.0	+9.0
Swiss franc	150.3	+12.9
Guilder	110.8	+4.9
French franc	67.7	−13.7
Lira	44.6	−10.7
Yen	156.0	+15.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Aug. 16	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.740871	0.576051
U.S.$	7½	1.03689	0.804788
Canadian $	9.69	*	1.09898
Austria Sch.	4	20.0949	15.8570
Belgian Fr.	10	58.1410	45.1243
Danish Kr	7	10.3796	8.06152
D mark	4	2.86493	2.22499
Guilder	5	3.22939	2.50670
French Fr.	9½	8.78794	6.80485
Lira	15½	1922.81	1490.96
Yen	5	245.294	190.588
Norway Kr.	8	8.45999	6.57609
Spain Pta.	—	N/A	161.059
Swedish Kr.	10½	8.54086	6.64066
Swiss Fr.	4	2.56063	1.99882
Greek Dr'ch	20½	135.259	105.097
Irish Punt	13½	N/A	0.716319

* C$/SDR rate for Aug 15: 1.40310.

EXCHANGE CROSS RATES

Aug. 16	Pound St'ling	U.S. Dollar	Deutschemk.	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.401	3.858	331.0	11.80	3.155	4.330	2581.	1.892	78.05
U.S. Dollar	0.714	1.	2.756	236.3	8.423	2.252	3.100	1845	1.306	55.80
Deutschemark	0.259	0.363	1.	85.81	3.060	0.818	1.124	669.1	0.491	20.23
Japanese Yen 1,000	3.021	4.231	11.66	1000.	35.66	9.538	13.19	7798.	5.724	235.8
French Franc 10	0.847	1.187	3.268	280.4	10.	2.673	3.676	2187.	1.605	66.13
Swiss Franc	0.317	0.444	1.223	104.9	3.741	1.	1.375	818.1	0.600	24.74
Dutch Guilder	0.231	0.323	0.890	76.31	2.721	0.727	1.	595.9	0.437	17.99
Italian Lira 1,000	0.387	0.543	1.495	128.2	4.573	1.222	1.681	1000.	0.734	30.24
Canadian Dollar	0.528	0.736	2.036	174.7	0.230	1.665	2.290	1362.	1.	41.20
Belgian Franc 100	1.281	1.794	4.942	424.1	15.19	4.042	5.557	3307.	2.427	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 16	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	11⅞-12	8⅛-8⅛	8¼-8¾	6-6⅛	3-3¼	4⅛-4⅛	9⅛-9¾	19-13	8¼-8¾	8⅝-8⅞	6⅛-6⅛	9¾-9¾
7 days' notice	11⅞-11⅞	7⅞-8⅛	8½-8¾	5⅞-6⅛	1⅝-1⅞	4⅛-4⅜	9¾-10	11¼-14⅛	9-9⅛	9⅝-9⅞	6⅛-6⅛	9¼-9¾
Month	11⅝-11¾	7⅞-8⅛	8⅝-8⅞	5⅞-5⅞	4⅜-4⅝	4½-4⅝	10⅛-10¾	18-18⅛	9⅛-10	8-9¼	6⅛-6⅜	8¾-9¼
Three months	11¼-11⅜	8⅛-8⅛	8⅞-9⅛	5⅞-6	4⅛-4⅛	4⅛-4⅛	11⅜-11⅞	15⅛-14	9¾-10¼	8⅝-8⅞	6⅝-6½	8⅞-9⅛
Six months	10⅞-11⅛	8¼-8⅜	9⅛-9⅜	5¼-5⅞	4⅜-4⅞	4⅝-4⅜	11⅞-12⅛	13⅝-14⅛	10-10⅛	9½-9¾	6⅛-6⅝	8¾-9¼
One year	10⅞-10⅞	8⅛-8⅞	9⅛-9⅛	5⅞-5⅞	4⅛-4⅛	4⅛-4⅛	11⅞-12⅛	15⅞-14⅝	10-10½	9⅝-9⅞	6⅛-6⅜	9¼-9¾

Asian $ (closing rates in Singapore): Short-term 8⅛-8⅛ per cent; seven days 7⅞-8⅛ per cent; one month 7⅞-8⅛ per cent; three months 8⅛-8⅛ per cent; six months 8¼-8⅜ per cent; one year 8½-8⅝ per cent. Long-term Eurodollars: two years 9½-9⅝ per cent; three years 10-10¼ per cent; four years 10¼-10½ per cent; five years 10½-10¾ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London cautions after German rate cut

Events in the money market were fairly predictable last week, but have left the Bank of England with a rather awkward decision to make over the timing of any cut in UK interest rates. A reduction in the German Bundesbank's discount and Lombard rates had been drawing nearer since the central bank began to encourage lower domestic interest rates about two months ago. This started with a reduction in the rate at which the Bundesbank lent temporary liquidity to the money market through securities repurchase agreements, and also a lowering of the three-day Treasury bill rate, which effectively determines the lowest level for call money in Frankfurt.

Short-term rates slowly declined until call money was on occasions below the discount rate. Any further reduction would require a move from the Bundesbank, and last Thursday was the obvious opportunity, as the central bank council met for the first time after the summer break.

The Dutch Central Bank immediately followed the Bundesbank in cutting its own discount rates, but the Swiss, with an economy closely tied to West Germany, decided their leading interest rates would not be reduced for the time being.

In the U.S. events were moving in the opposite direction, with weekly M1 money supply rising by a surprising $5.3bn, upsetting hopes of an early cut in the Federal Reserves discount rate.

Federal funds in New York were very firm, at over 8 per cent, partly reflecting settlement by successful bidders at the previous week's U.S. Treasury auction.

The London money market was encouraged by the cut in Continental interest rates, and the renewed strength of sterling against a weakening dollar. Discount houses became reluctant to sell bills outright at the existing official dealing rates, but the authorities were unwilling to encourage a downward move in rates through an attractive short-term repurchase agreement. Daily credit shortages became difficult to service, and interest rates eased only slightly.

The market is looking for a base rate cut, and the Bank of England now has the task of deciding whether sterling is capable of withstanding such a move.

MONEY RATES

Aug. 16	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	4.7-4.8	9¾	1⅞-2⅛	6¾-5⅛				
One Month	4.65-4.75	9⅛-9⅛	4⅛-4⅛	5⅛-5⅞	6.21875	14⅝-14¾	8.80	11¼-11⅛
Two Months	4.65-4.75	9¾-9⅞	—	—	6.34375	15⅞-14¼	9⅛-9¼	10⅝-10⅞
Three Months	4.65-4.80	9⅛-9⅛	4⅛-4⅛	5⅛-5⅛	6.34375	14¼-14⅝	9⅛-9⅝	10⅛-10¾
Six Months	4.7-4.85	9⅛-10⅛	—	5⅛-5⅛	—	—	9⅝-9⅞	10⅝-10⅞
Lombard	6.0	—	—	—	—	—	—	10¼-10⅛
Intervention	—	9⅝	—	—	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Aug. 16 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11¾-14	11⅞-12	11⅞-12	11¾-19¼	—	—	—	—	—
2 days notice	—	—	11⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11⅝-12	11⅛	11⅞	11¼	—	—	—	—	—
One month	11⅛-11⅛	11⅝-11¾	11⅝	11¾	11⅛	—	—	—	—	—
Two months	11⅛-11⅛	11⅛-11⅛	11⅛	11⅛	11	11⅛	11⅛	11⅛	11⅛-11⅛	11⅛
Three months	11⅛-11⅛	11¼-11⅛	11⅛	11⅛	10¾	11⅛	10⅞	11⅛	11⅛	11⅛
Six months	10¾-10⅞	10⅞-11⅛	11	—	—	10⅞	10⅞	11	10⅞-10⅞	11⅛
Nine months	10⅞-10⅝	10⅞-11⅛	10⅞	—	—	—	—	10⅞-10⅝	10¼-10⅛	10⅞
One year	10⅝-10⅞	10⅞-11	10⅞	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12⅛-11⅞	—	11⅝	7.9-8.0	7⅝-7⅞	9⅛-9
Two months	12-11¾	—	11⅛	7.9-8.9	7⅛-8⅛	8⅞-9⅛
Three months	11¾-11½	—	11⅛	7.95-8.05	7⅛-8⅛	9-9⅛
Six months	11⅛-11⅛	—	11	8.1-8.2	7⅛-8⅛	9⅛-9⅛
Nine months	11⅛-11⅛	—	11	8.35-8.45	—	—
One year	11¼-11⅛	—	11	8.6-8.0	8⅛-8⅜	9⅛-9¼
Two years	—	11	—	—	—	—
Three years	—	11	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11	—	—	—	—

ECGD Fixed Finance IV: Average Rate of Interest period July 3 to August 6 (inclusive): 11.989 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12½ per cent from August 1 1985. London and Scottish Clearing Bank Rates for lending 11½ per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 10.8668 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11¼ per cent; one-three months 11½ per cent; three-six months 11⅛ per cent; six-nine months 11⅛ per cent; nine-12 months 11 per cent. Under £100,000 10¾ per cent from August 8. Deposits held under Series 5 11 per cent. The rate for all deposits withdrawn for cash 7½ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug. 16)

3 months U.S. dollars	
bid 8 1/16	offer 8 3/16

6 months U.S. dollars	
bid 8 1/4	offer 8 3/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (4 pm)

Prime rate	9½
Broker loan rate	9⅛
Fed funds	8⅛
Fed funds at intervention	8¼
Treasury Bills	
One month	6.79
Two month	7.24
Three month	7.40
Six month	7.69
One Year	8.00
Treasury Bonds	
Two year	8.87
Three year	9.17
Four year	9.49
Five year	9.74
Seven year	10.12
10 year	10.27
30 year	10.53